St. Vrain Lakes Metropolitan District No. 2

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

Contents

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Board of Directors
St. Vrain Lakes Metropolitan District No. 2
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Vrain Lakes Metropolitan District No. 2 (the "District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the 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 St. Vrain Lakes Metropolitan District No. 2 as of December 31, 2022, and the respective changes in financial position 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 (GAAP), 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.

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 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 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.

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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.

Supplemental Information

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

Continuing Disclosure Annual Financial Information

The continuing disclosure annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

July 20, 2023

St. Vrain Lakes Metropolitan District No. 2

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

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

(See Notes to Basic Financial Statements)

St. Vrain Lakes Metropolitan District No. 2

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

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

(See Notes to Basic Financial Statements)

St. Vrain Lakes Metropolitan District No. 2

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

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Property taxes	$ 182,954	$ 184,859	$ 188,380	$ 3,521
TIF revenue	175,580	175,580	173,281	(2,299)
Specific ownership taxes	19,000	21,509	20,748	(761)
Investment earnings	100	204	340	136
Total revenues	377,634	382,152	382,749	597
Expenditures:				
Treasurer's fees	5,378	5,407	5,425	(18)
Transfer to Firestone - property taxes	105,742	106,303	106,664	(361)
Transfer to District No. 1	266,514	270,442	270,660	(218)
Total expenditures	377,634	382,152	382,749	(597)
Net change in fund blance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ -	$ -

(See Notes to Basic Financial Statements)

1. Summary of Significant Accounting Policies

The accounting policies of the St. Vrain Lakes Metropolitan District No. 2 (the "District"), located in Weld County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of reporting entity

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

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

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

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

Basis of presentation

The accompanying financial statements are presented per GASB Statement No. 34, *Special Purpose Governments*.

The government-wide financial statements (i.e. the government funds balance sheet/statement of net position and the statement of governmental fund revenues, expenditures and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

1. Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

The statement of net position reports all financial and capital resources of the District. The difference between (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

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

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

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenue items are considered to be measurable and available only when the District receives the cash.

The District reports the following major governmental funds:

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

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

1. Summary of Significant Accounting Policies (continued)

Budgets and budgetary accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The 2022 budgets for each the General and Debt Service Fund reflect a negative ending balance of funds available. This may be a violation of state budget law.

Assets, Liabilities and Net Position

Fair value of financial instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

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

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

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

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

Long-term obligations

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

1. Summary of Significant Accounting Policies (continued)

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

> Nonspendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory or prepaid expenses) or is legally or contractually required to be maintained intact.
>
> Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
>
> Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.
>
> Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
>
> Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

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

2. Property Taxes

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

2. Property Taxes (continued)

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

3. Cash and Investments – restricted

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

Statement of net position:		
Cash and investments - restricted	$	3,882,007
Total cash and investments	$	3,882,007

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

Investments	$	3,882,007

Deposits with financial institutions

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

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

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

Investments

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

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

3. Cash and Investments (continued)

Investments (continued)

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

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

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

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

COLOTRUST

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

Morgan Stanley Institutional Liquidity Funds Treasury Portfolio

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

3. Cash and Investments (continued)

Fair Value Measurement and Application

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's investments are not required to be categorized within the fair value hierarchy. COLOTRUST is valued using the net asset value method ("NAV") per share and MSILF Treasury Fund's value is calculated using the amortized cost method.

4. Long-Term Obligations

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

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

4. Long-Term Obligations (continued)

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

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

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

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

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

4. Long-Term Obligations (continued)

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

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

Debt Authorization

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

5. Net Position

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

Restricted for debt service	$ 229,472
Total restricted net position	$ 229,472

5. Net Position (continued)

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

6. District Agreements

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

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

Mill Levy Policy Agreement

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

District Operating Services Agreement

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

Intergovernmental Agreement with the Town of Firestone

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

8. Risk Management

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

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

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

9. Tax, Spending and Debt Limitations

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

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

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

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

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

10. Reconciliation of Government-wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

1) Long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and

2) governmental funds report long-term debt payments as expenditures; however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

Accompanying Supplemental Information
(See Independent Auditor's Report)

St. Vrain Lakes Metropolitan District No. 2

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

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

St. Vrain Lakes Metropolitan District No. 2

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

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

NOTE

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

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

St. Vrain Lakes Metropolitan District No. 2

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

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

St. Vrain Lakes Metropolitan District No. 2

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

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

(1) Source: Weld County Assessor's Office

St. Vrain Lakes Metropolitan District No. 2

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

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