

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

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<https://serenityridgemd1-2.colorado.gov>

NOTICE OF SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Fernando Dias	President	2027/May 2027
Jennifer Elsea	Treasurer	2027/May 2027
VACANT		2025/May 2025
VACANT		2025/May 2025
VACANT		2025/May 2025
David Solin	Secretary	

DATE: Friday, September 1, 2023

TIME: 10:00 A.M.

PLACE: Zoom Meeting

<https://us02web.zoom.us/j/5469119353?pwd=SmtlcHJETFhCQUZEcVBBOGZVU3Fqdz09>

Phone Number: 1 (253) 215-8782

Meeting ID: 546 911 9353

Passcode: 912873

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Confirm quorum, approve Agenda, confirm location of meeting and posting of notice.

C. Consider approval of the Minutes from the March 16, 2023 Regular Meeting (enclosure).

D. Confirm filing Oaths of Office.

E. Acknowledge the resignations of Daniel Frank and Marc Cooper from the Board of Directors, effective June 22, 2023.

F. Discuss Board vacancies. Consider the appointments of eligible electors Christopher Parkins, Herbert Green, and Wiktorina Pisarek-Green, to the Board of Directors. Administer the Oaths of Office.

G. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

II. PUBLIC COMMENT

- A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.
-

III. FINANCIAL MATTERS

- A. Review and accept June 30, 2023 Unaudited Financial Statements and Schedules of Cash Position as of June 30, 2023 for the District (enclosure).
-
- B. Review and ratify approval of the 2021 Audit and authorize execution of Representations Letter (draft audit – enclosure).
-
- C. Discuss timeline for completion of 2022 Audit and ratify approval of request for extension of time to file audit.
-
- D. Discuss revenue options for future payment of the snow and landscape maintenance services.
-
- E. Consider setting the date for a Public Hearing to adopt the 2024 Budget for December 7, 2023, at 10:00 a.m., to be held via Zoom.
-

IV. OPERATIONS & MAINTENANCE MATTERS/ CAPITAL PROJECT MATTERS

- A. Review and consider approval of proposal for a slide at the community park (to be distributed).
-

- B. Discuss playground base refresh for community park.

- C. Discuss sidewalk low point landscape and sump options at community park (enclosure).

- D. Review and consider approval of Change Order No. 1 to Service Agreement for Landscape Maintenance between the District and Keesen Landscape Management Inc. (enclosure).

- E. Review and consider approval of Change Order No. 2 to Service Agreement for Landscape Maintenance between the District and Keesen Landscape Management Inc. (enclosure).

V. LEGAL MATTERS

- A. Discuss Tax-Exempt Reissuance of Series 2021A-1 Note Pursuant to the Series 2021A-1 Loan Agreement.

- B. Discuss the potential dissolution of District No. 1.

- C. Discuss Senate Bill 23-108: Allowing Temporary Reductions in Property Taxes Due and potential impact on 2024 Budget process and strategy.

- D. Discuss legislative changes that may impact the District/Annual Meeting requirement.

VI. OTHER BUSINESS

- A. _____

VII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR SEPTEMBER 14, 2023.**

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 HELD MARCH 16, 2022

A Regular meeting of the Board of Directors (referred to hereafter as “Board”) of the Serenity Ridge Metropolitan District No. 2 (referred to hereafter as the “District”) was duly held on Thursday, the 16th day of March, 2023, at 10:00 A.M via Zoom. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Daniel Frank
Fernando Dias
Jennifer Elsea

The absence of Director Cooper was excused.

Also In Attendance Were:

David Solin; Special District Management Services, Inc. (“SDMS”)
Paula Williams, Esq.; McGeady Becher P.C.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Mr. Solin noted that a quorum was present and requested members of the Board disclose any potential conflicts of interest with regard to any matters scheduled for discussion at the meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Directors Elsea and Dias disclosed they are on the Homeowner’s Associations Boards. Attorney Williams reported that disclosures of potential conflicts of interest were filed with the Secretary of State for all directors, and no additional conflicts were disclosed at the meeting.

ADMINISTRATIVE MATTERS

Agenda: Mr. Solin reviewed with the Board the proposed agenda for the District’s Regular Meeting.

Following discussion, upon motion duly made by Director D. Frank, seconded by Director Dias and, upon vote, unanimously carried, the agenda for the District’s Regular Meeting was approved, as amended, and excused the absence of Director Cooper.

RECORD OF PROCEEDINGS

Meeting Location and Posting of Notice: The Board discussed the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director D. Frank, seconded by Director Dias and, upon vote, unanimously carried, the Board determined to conduct the District's meeting via Zoom. The Board further noted that notice of the time, date and Zoom information was duly posted and that they have not received any objections, or any requests that the means of hosting the meeting be changed by taxpaying electors within the District's boundaries.

Resignation of Director Richard Frank: The Board acknowledged the resignation of Director Richard Frank, effective as of March 13, 2023.

Appointment of Officers: Following discussion, upon motion duly made by Director Dias, seconded by Director D. Frank and, upon vote, unanimously carried, the following slate of officers was appointed:

President	Fernando Dias
Treasurer	Jennifer Elsea
Secretary	David Solin
Assistant Secretary	Daniel Frank

February 2, 2023 Special Meeting Minutes: The Board reviewed the Minutes of the February 2, 2023 Special Meeting.

Following discussion, upon motion duly made by Director Dias, seconded by Director D. Frank and, upon vote, unanimously carried, the Board approved the Minutes of the February 2, 2023 Special Meeting.

PUBLIC COMMENT There were no public comments.

FINANCIAL MATTERS

Unaudited Financial Statements: The Board discussed the District's unaudited financial statement for the period ending December 31, 2022 and Schedule of Cash Position for the period ending December 31, 2022.

Following discussion, upon motion duly made by Director Dias, seconded by Director D. Frank and, upon vote, unanimously carried, the Board accepted the District's unaudited financial statement for the period ending December 31, 2022 and Schedule of Cash Position for the period ending December 31, 2022.

Revenue Options for Future Payment of the Snow and Landscape Maintenance Services: The Board deferred discussion of this matter.

RECORD OF PROCEEDINGS

OPERATION AND MAINTENANCE MATTERS/CAPITAL PROJECT MATTERS

Snow Removal Services for 2022-2023 for District No. 2: The Board discussed Snow Removal Services for 2022-2023.

Following discussion, upon motion duly made by Director Dias, seconded by Director D. Frank and, upon vote, unanimously carried, the Board approved the engagement of Keesen Landscape Management, Inc. for Snow Removal Services for 2022-2023 for District No. 2.

Landscape Maintenance Services for 2023 for District No. 2: The Board discussed Landscape Maintenance Services for 2023.

Following discussion, upon motion duly made by Director Dias, seconded by Director D. Frank and, upon vote, unanimously carried, the Board approved the engagement of Keesen Landscape Management, Inc. for Landscape Maintenance Services for 2023 for District No. 2.

LEGAL MATTERS

Status of the May 2, 2023 Election: Mr. Solin advised the Board that the May 2, 2023 election was cancelled, as allowed under Colorado law, by the Designated Election Official because there were not more candidates than positions available on the Board of Directors. It was noted that Directors Dias and Elsea were each deemed elected to 4-year terms ending in May, 2027.

OTHER BUSINESS

Easter Egg Hunt: The Board discussed a request from the Homeowner's Association ("HOA") to host an Easter Egg Hunt in the park on April 8, 2023.

Following discussion, upon motion duly made by Director Dias, seconded by Director D. Frank and, upon vote, unanimously carried, the Board approved the HOA's request to host an Easter Egg Hunt in the park on April 8, 2023. The Board further directed Attorney Williams to draft a License Agreement for future use.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Dias and seconded by Director D. Frank, upon vote, unanimously carried, the meetings were adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

FINANCIAL STATEMENTS

June 30, 2023

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2023

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>FIXED ASSETS</u>	<u>LONG-TERM DEBT</u>	<u>TOTAL</u>
Assets					
Cash in Bank-ColoTrust	\$ 426,491	\$ 608,515	\$ -	\$ -	\$ 1,035,005
Property Taxes Receivable	59,217	506,251	-	-	565,468
Receivable District No. 1	37,100	1,108	-	-	38,208
Total Current Assets	<u>522,808</u>	<u>1,115,874</u>	<u>-</u>	<u>-</u>	<u>1,638,681</u>
Other Debits					
Amount in Debt Service Fund	-	-	-	609,623	609,623
Amount to be Provided for Debt	-	-	-	16,370,377	16,370,377
Total Other Debits	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,980,000</u>	<u>16,980,000</u>
Capital Assets					
Construction in Progress	-	-	7,137,939	-	7,137,939
Total Capital Assets	<u>-</u>	<u>-</u>	<u>7,137,939</u>	<u>-</u>	<u>7,137,939</u>
Total Assets	<u>\$ 522,808</u>	<u>\$ 1,115,874</u>	<u>\$ 7,137,939</u>	<u>\$ 16,980,000</u>	<u>\$ 25,756,620</u>
Liabilities					
2021A-1 Refunding Loan	\$ -	\$ -	\$ -	\$ 15,940,000	\$ 15,940,000
2021A-2 Refunding Loan	-	-	-	1,040,000	1,040,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,980,000</u>	<u>16,980,000</u>
Deferred Inflows of Resources					
Deferred Property Taxes	59,217	506,251	-	-	565,468
Total Deferred Inflows of Resources	<u>59,217</u>	<u>506,251</u>	<u>-</u>	<u>-</u>	<u>565,468</u>
Fund Balance					
Investment in Fixed Assets	-	-	7,137,939	-	7,137,939
Fund Balance	416,024	204,659	-	-	620,683
Current Year Earnings	47,567	404,963	-	-	452,530
Total Fund Balances	<u>463,591</u>	<u>609,623</u>	<u>-</u>	<u>-</u>	<u>8,211,152</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 522,808</u>	<u>\$ 1,115,874</u>	<u>\$ 7,137,939</u>	<u>\$ 16,980,000</u>	<u>\$ 25,756,620</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 6 Months Ending
June 30, 2023
General Fund

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Property Tax Revenue	\$ 17,113	\$ 78,987	\$ 138,205	\$ (59,218)	57.2%
Specific Ownership Taxes	2,616	4,018	10,000	(5,982)	40.2%
Interest Income	5,537	11,000	9,000	2,000	122.2%
Total Revenues	<u>25,266</u>	<u>94,005</u>	<u>157,205</u>	<u>(63,200)</u>	<u>59.8%</u>
Expenditures					
Treasurer's Fees	260	1,188	2,073	885	57.3%
Emergency Reserve	-	-	4,716	4,716	0.0%
Total Expenditures	<u>260</u>	<u>1,188</u>	<u>6,789</u>	<u>5,601</u>	<u>17.5%</u>
Excess (Deficiency) of Revenues Over Expenditures	25,006	92,817	150,416	(57,599)	
Other Financing Sources (Uses)					
Transfer to District No. 1	(28,000)	(45,250)	(90,000)	44,750	
Total Other Financing Sources (Uses)	<u>(28,000)</u>	<u>(45,250)</u>	<u>(90,000)</u>	<u>44,750</u>	
Change in Fund Balance	(2,994)	47,567	60,416	(12,849)	
Beginning Fund Balance	466,584	416,024	354,905	61,119	
Ending Fund Balance	<u>\$ 463,591</u>	<u>\$ 463,591</u>	<u>\$ 415,321</u>	<u>\$ 48,270</u>	

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 6 Months Ending
June 30, 2023
Debt Service Fund

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Property Tax Revenue	\$ 146,302	\$ 675,259	\$ 1,181,510	\$ (506,251)	57.2%
Specific Ownership Taxes	22,361	34,350	70,891	(36,541)	48.5%
Interest Income	9,040	12,103	9,000	3,103	134.5%
Total Revenues	<u>177,703</u>	<u>721,711</u>	<u>1,261,401</u>	<u>(539,690)</u>	<u>57.2%</u>
Expenditures					
Bond Principal	-	-	495,000	495,000	0.0%
Bond Interest	306,591	306,591	529,535	222,944	57.9%
Audit	-	-	6,500	6,500	0.0%
Paying Agent Fees	-	-	6,200	6,200	0.0%
Miscellaneous	-	-	2,500	2,500	0.0%
Treasurer's Fees	2,223	10,157	17,723	7,566	57.3%
Total Expenditures	<u>308,814</u>	<u>316,748</u>	<u>1,057,458</u>	<u>740,710</u>	<u>30.0%</u>
Excess (Deficiency) of Revenues Over Expenditures	(131,111)	404,963	203,943	201,020	
Beginning Fund Balance	740,734	204,659	181,943	22,716	
Ending Fund Balance	<u>\$ 609,623</u>	<u>\$ 609,623</u>	<u>\$ 385,886</u>	<u>\$ 223,737</u>	

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
Schedule of Cash Position
June 30, 2023

	Rate	Operating	Debt Service	Total
Investments:				
Cash in Bank-ColoTrust	5.2246%	\$ 426,490.57	\$ 608,514.61	\$ 1,035,005.18
TOTAL FUNDS:		\$ 426,490.57	\$ 608,514.61	\$ 1,035,005.18

2023 Mill Levy Information

General Fund	4.549
Debt Service Fund	42.044
Refunds and Abatements	0.369
Total Certified Mill Levy	46.962

Board of Directors

- * Daniel Frank
- * Marc Cooper
- Fernando Dias
- Jennifer Elsea

* authorized signer on the checking account

SERENITY RIDGE METRO DISTRICT NO. 2

Arapahoe County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
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DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Serenity Ridge Metropolitan District No. 2
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Serenity Ridge Metropolitan District No. 2, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Serenity Ridge Metropolitan District No. 2, as of December 31, 2021, 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. 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 Serenity Ridge Metropolitan District No. 2, 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 Serenity Ridge Metropolitan District No. 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Serenity Ridge Metropolitan District No. 2'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 Serenity Ridge Metropolitan District No. 2's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Serenity Ridge Metropolitan District No. 2's basic financial statements. The supplementary information is presented to supplement the basic financial statements and is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as identified in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental budget comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Morain Bakarich, CPAs

Morain Bakarich, CPAs
July 25, 2023

BASIC FINANCIAL STATEMENTS

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 269,948
Cash and investments - restricted	33,359
Property taxes receivables	1,287,903
Intergovernmental receivables	38,208
Capital assets - construction in progress	7,137,939
Total Assets	8,767,357
 Deferred Outflows of Resources	
Unamortized loss on refunding	2,256,226
Total Deferred Outflows of Resources	2,256,226
 Liabilities	
Accrued interest	52,340
Noncurrent liabilities:	
Due within one year	415,000
Due in more than one year	16,980,000
Total Liabilities	17,447,340
 Deferred Inflows of Resources	
Deferred property tax revenue	1,280,059
Total Deferred Inflows of Resources	1,280,059
 Net Position	
Net investment in capital assets	(10,309,401)
Restricted for:	
Emergency reserve	8,300
Debt service	2,288,787
Unrestricted	308,498
Total Net Position	\$ (7,703,816)

The accompanying notes and independent auditors' report are an integral part of the financial statements.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 351,736	\$ -	\$ -	\$ -	\$ (351,736)
Interest and related costs on long-term debt	896,724	-	-	-	\$ (896,724)
Total Governmental Activities	\$ 1,248,460	\$ -	\$ -	\$ -	\$ (1,248,460)
General Revenues:					
Property taxes					\$ 1,394,132
Specific ownership taxes					96,103
Interest income					2,110
Transfer from District No. 1					6,000
Total General Revenues					1,498,345
Change in Net Position					249,885
Net Position, Beginning of Year					(7,953,701)
Net position, End of Year					\$ (7,703,816)

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 269,948	\$ -	\$ -	\$ 269,948
Cash and investments - Restricted	8,300	25,059	-	33,359
Property taxes receivable	126,432	1,161,471	-	1,287,903
Due from other districts	37,100	1,108	-	38,208
Total current assets	<u>441,780</u>	<u>1,187,638</u>	<u>-</u>	<u>1,629,418</u>
Total Assets	<u><u>441,780</u></u>	<u><u>1,187,638</u></u>	<u><u>-</u></u>	<u><u>1,629,418</u></u>
Liabilities				
Deferred Inflows of Resources				
Property tax revenue	124,982	1,155,077	-	1,280,059
Total Deferred Inflows of Resources	<u>124,982</u>	<u>1,155,077</u>	<u>-</u>	<u>1,280,059</u>
Fund Balances				
Restricted for:				
Debt Service	-	32,561	-	32,561
Emergency reserve	8,300	-	-	8,300
Unassigned				
General government	308,498	-	-	308,498
Total fund balances	<u>316,798</u>	<u>32,561</u>	<u>-</u>	<u>349,359</u>
Total Liabilities, Fund Balance, and Deferred	<u><u>\$ 441,780</u></u>	<u><u>\$ 1,187,638</u></u>	<u><u>\$ -</u></u>	

Amounts reported for governmental funds in the Statement of Net Position are different because:

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

Construction in progress	7,137,939
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Deferred refunding costs used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Deferred loss on refunding	2,256,226
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Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Loans payable	(17,395,000)
Accrued interest payable	(52,340)

Total Net Position of Governmental Activities	<u><u>\$ (7,703,816)</u></u>
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The accompanying notes and independent auditors' report are an integral part of the financial statements.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Governmental Funds</u>
Revenues:				
Property taxes	\$ 257,702	\$ 1,136,430	\$ -	\$ 1,394,132
Specific ownership taxes	17,766	78,337	-	96,103
Interest income	301	1,797	12	2,110
Transfer from District No. 1		6,000	-	6,000
Total Revenues	<u>275,769</u>	<u>1,222,564</u>	<u>12</u>	<u>1,498,345</u>
Expenditures:				
County treasurer fees	3,868	17,057	-	20,925
Miscellaneous	-	-	2	2
Bond and loan interest	-	405,089	-	405,089
Paying agent fee	-	6,179	-	6,179
Bond issuance costs	-	252,811	-	252,811
Transfer to District No. 1	234,200	-	90,430	324,630
Total Expenditures	<u>238,068</u>	<u>681,136</u>	<u>90,432</u>	<u>1,009,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,701	541,428	(90,420)	488,709
Other Financing Sources (Uses):				
Issuance of long-term debt	-	17,395,000	-	17,395,000
Payments to refunding bond escrow agent	-	(19,156,244)	-	(19,156,244)
Repayment of developer advances	-	-	(1,067,057)	(1,067,057)
Transfers in (out) - other funds	-	(1,066,420)	1,066,420	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,827,664)</u>	<u>(637)</u>	<u>(2,828,301)</u>
Net Change in Fund Balance	37,701	(2,286,236)	(91,057)	(2,339,592)
Fund Balance, Beginning of Year	279,097	2,318,797	91,057	2,688,951
Fund Balance, End of Year	<u>\$ 316,798</u>	<u>\$ 32,561</u>	<u>\$ -</u>	<u>\$ 349,359</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**SERENITY RIDGE METRO DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds \$ (2,339,592)

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

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of debt is as follows:

Issuance of long-term debt	(17,395,000)
Repayment of long-term debt	19,156,244
Repayment of developer advances	1,067,057

Accrued interest expense on long-term debt, amortization of premiums/discounts, and accrued interest income on note receivables are reported in the Statement of Activities. However, they do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	(209,609)
Amortization of loss on refunding	(33,639)
Amortization of bond premiums	4,424

Changes in Net Position of Governmental Activities	\$ 249,885
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The accompanying notes and independent auditors' report are an integral part of the financial statements.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
BUDGETARY BASIS

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 200,862	\$ 257,702	\$ 56,840
Specific ownership taxes	10,000	17,766	7,766
Interest income	150	301	151
Total Revenues	<u>211,012</u>	<u>275,769</u>	<u>64,757</u>
Expenditures			
County treasurer fees	3,013	3,868	(855)
Transfers out to District No. 1	300,000	234,200	65,800
Total Expenditures	<u>303,013</u>	<u>238,068</u>	<u>64,945</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(92,001)</u>	<u>37,701</u>	<u>129,702</u>
Other Financing Sources (Uses):			
Emergency reserve	(6,330)	-	6,330
Net Other Financing Sources (Uses)	<u>(6,330)</u>	<u>-</u>	<u>6,330</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(98,331)</u>	<u>37,701</u>	<u>136,032</u>
Fund Balance, Beginning of Year	<u>289,536</u>	<u>279,097</u>	<u>(10,439)</u>
Fund Balance, End of Year	<u><u>\$ 191,205</u></u>	<u><u>\$ 316,798</u></u>	<u><u>\$ 125,593</u></u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Serenity Ridge Metropolitan District No. 2 (the “District” or “District No. 2”), a quasi-municipal corporation, was organized on February 2, 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in Arapahoe County, Colorado. The District was created in conjunction with Serenity Ridge Metropolitan District No. 1 (“District No. 1” and, together with District No. 2, the “Districts”) as part of a common plan to serve the needs of the Serenity Ridge development.

Pursuant to the Districts’ Consolidated Service Plan approved by the City Council of the City of Aurora, Colorado on August 4, 2003 (“Service Plan”), the Districts intend to provide in a cooperative manner, certain essential public-purpose services and facilities for the use and benefit of their property owners, inhabitants and taxpayers, all in accordance with the laws of the State of Colorado. The types of services and facilities that the Districts have the power to provide include water, streets, traffic and safety controls, parks, open space and recreation, sanitary sewer, and drainage and storm water improvements. (See Note 5, Acquisition Agreement).

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.

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 generally supported by property 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.

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.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for the governmental funds. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The District has three governmental funds and does not maintain proprietary or fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The general fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

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.

Governmental fund financial statements are accounted for 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. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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 general obligation debt of the governmental funds.

The *Capital Projects Fund* accounts for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay.

Budgets

In accordance with the Colorado Budget Law, the District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to October 15th the budget is submitted to the Board of Directors of the District.
2. A public hearing on the budget is held prior to its adoption.
3. On the date of the hearing, the Board reviews the proposed budget and formally adopts it by resolution.
4. At the time of adopting the budget the Board also adopts the mill levies.
5. Prior to the beginning of the calendar year, the Board adopts an appropriating resolution giving the District legal authority to spend.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (continued)

6. The District adopts budgets for the general and debt service funds on a basis consistent with generally accepted accounting principles. The District's Board of Directors can modify the budget and appropriations resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end and lapses at year end.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors.

Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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

Property taxes, net of estimated uncollectible taxes, are initially recorded as a 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.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflow of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period, and accordingly, will not be recognized as an outflow of resources (expenditure) until that future time. Deferred charges on refunding can arise from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt, and the net carrying value of that debt, is deferred, and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide statements. The District has a deferred loss on refunding relating to the issuance of its Series 2021A-1 and 2021A-2 General Obligation Loans.

In addition to liabilities, the statement of net position reports deferred inflows of resources, which represent an acquisition of net position that applies to a future period and 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, deferred property tax revenue is deferred and recognized as an inflow of resources in the period that the amount becomes available or collected.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted, and unrestricted.

Fund Balance – Governmental Funds

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or 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.

Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between fund balances of the governmental funds and the net position of governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between the net change in fund balances of the governmental funds and the changes in net position of governmental activities as reported in the government-wide statement of activities. These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 269,948
Cash and Investments – Restricted	<u>33,359</u>
Total Cash and Investments	<u>\$ 303,307</u>

Cash and investments as of December 31, 2021, consist of the following:

Investments	\$ <u>303,307</u>
Total Cash and Investments	<u>\$ 303,307</u>

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 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.

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 agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools*

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted Average Under 60 Days	\$ 303,307

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor’s. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 3: CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 is as follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 7,137,939	\$ -	\$ -	\$ 7,137,939
Governmental type assets, net	<u>\$ 7,137,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,137,939</u>

Upon completion and acceptance, the fixed assets will be conveyed by the District to other local governments.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: LONG-TERM DEBT OBLIGATIONS

General Obligation Refunding & Improvement Bonds, Series 2018A and 2018B

Series 2018A Senior Term Bonds

On February 16, 2018, the District issued \$14,655,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding & Improvement Bonds, Series 2018A (“2018A Bonds”), with interest rates and due dates as follows:

\$2,790,000 4.500% Senior Term Bond due December 1, 2018 – December 1, 2028
 \$5,140,000 5.125% Senior Term Bond due December 1, 2029 – December 1, 2037
 \$6,725,000 5.125% Senior Term Bond due December 1, 2038 – December 1, 2043

Interest is payable semi-annually on June 1 and December 1 each year commencing June 1, 2018.

The 2018A Bonds are limited tax (convertible to unlimited tax) general obligations of the District secured by the senior Pledged Revenue, consisting of the funds derived by the District from the following sources, net of any costs of collection: (i) the Senior Required Mill Levy, (ii) the Capital Fees, (iii) the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (iv) any other legally available funds the District determines to transfer for application as Senior Pledged Revenue. The District has covenanted to levy an ad valorem mill levy upon all taxable property of the District in an amount sufficient to pay the principal of and interest on the Bonds as the same become due and payable, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Required Reserve, but not in excess of 51.000 mills less the amount of the Operations Mill Levy, and for so long as the Senior Surplus Fund is less than the Maximum Surplus Amount, not less than 51.000 mills less the amount of the Operations Mill Levy. The Senior Required Reserve Fund was required to be \$1,182,331. The Senior Surplus Fund also secures the payment of the 2018A Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Surplus Fund up to the maximum amount of \$1,465,500.

The 2018A Bonds were issued with a premium of \$132,709 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2023, and on any date thereafter, upon payment of par and accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2023 to November 30, 2024	3.00%
December 1, 2024 to November 30, 2025	2.00%
December 1, 2025 to November 30, 2026	1.00%
December 1, 2026 and thereafter	0.00%

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: LONG-TERM DEBT OBLIGATIONS (CONTINUED)

General Obligation Refunding & Improvement Bonds, Series 2018A and 2018B (Continued)

The 2018A Bonds maturing on December 1, 2028 are also subject to mandatory sinking fund redemption, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

Year of Redemption	Redemption Amount
2021	\$ 205,000
2022	260,000
2023	270,000
2024	305,000
2025	315,000
2026	350,000
2027	365,000
2028	405,000
	\$ 2,475,000

The 2018A Bonds maturing on December 1, 2037 are also subject to mandatory sinking fund redemption, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

Year of Redemption	Redemption Amount
2029	\$ 420,000
2030	465,000
2031	485,000
2032	535,000
2033	560,000
2034	610,000
2035	640,000
2036	695,000
2037 (*)	730,000
	\$ 5,140,000

The 2018A Bonds maturing on December 1, 2043 are also subject to mandatory sinking fund redemption, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1st in the years and amounts set forth below:

Year of Redemption	Redemption Amount	
2038	\$ 790,000	
2039	830,000	
2040	900,000	
2041	940,000	
2042	1,015,000	
2043 (*)	2,250,000	(*) Original final maturity
	\$ 6,725,000	

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: LONG-TERM DEBT OBLIGATIONS (CONTINUED)

General Obligation Refunding & Improvement Bonds, Series 2018A and 2018B (Continued)

2018B Subordinate Term Bond

On February 16, 2018, the District issued \$1,906,000 Subordinate General Obligation Limited Tax Bonds, Series 2018B (“2018B Bonds” and together with the 2018A Bonds, the “2018A and 2018B Bonds”) with an interest rate of 7.250%. The 2018B Bonds are limited tax general obligations of the District secured by and payable from the Subordinate Pledged Revenue consisting of funds derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy; (ii) the Subordinate Capital Fee Revenue; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; (iv) the amounts, if any, in the Senior Surplus Fund after the termination of such fund pursuant to the Senior Indenture; and (v) any other legally available funds which the District determines to transfer as Subordinate Pledged Revenue.

The 2018B Bonds are structured as “cash-flow” bonds, meaning that there are no scheduled principal payments prior to the final maturity date. Rather, principal on the 2018B Bonds is payable from, and solely to the extent of, Subordinate Pledged Revenue, if any, remaining after the annual payment of interest due on the 2018B Bonds. Interest is payable on December 15 each year to the extent of Subordinate Pledged Revenue available therefor, commencing December 15, 2018. To the extent interest is not paid when due, such interest is to compound at the rate of 7.250% on each interest payment date.

The 2018B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 15, 2023, and on any date thereafter, upon payment of par plus accrued interest thereon and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023 to December 14, 2024	3.00%
December 15, 2024 to December 14, 2025	2.00%
December 15, 2025 to December 14, 2026	1.00%
December 15, 2026 and thereafter	0.00%

Advance Refunding - Series 2018A & 2018B General Obligation Refunding & Improvement Bonds

On November 5, 2021, the District issued \$16,320,000 Series 2021A-1 Taxable (Converting to Tax-Exempt) Limited Tax General Obligation Refunding Loan (“2021A-1 Loan”) and \$1,075,000 Series 2021A-2 Tax-Exempt Limited Tax General Obligation Loan (“2021A-2 Loan”) and together with the 2021A-1 Loan, the “2021A-1 and 2021A-2 Loans” to advance refund the District’s Series 2018A & 2018B General Obligation Refunding & Improvement Bonds. The net proceeds, in combination with current District resources, were placed in an irrevocable trust to purchase U.S. Government securities for the purpose of generating sufficient resources to make all future debt service payments on the \$16,246,000 of outstanding 2018A and 2018B Bonds. As a result, the 2018A and 2018B Bonds are considered to be defeased, and the liability has been removed from the government wide financial statements.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Advance Refunding - Series 2018A & 2018B General Obligation Refunding & Improvement Bonds (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$2,288,004, which is deferred and amortized as a component of interest over the shorter of the remaining life of the refunded debt or the life of the new debt. As of December 31, 2021, the net unamortized value of the loss on refunding is \$2,256,226.

The advance refunding was undertaken in order to reduce debt payments by approximately \$3,960,000. The transaction resulted in an economic gain (difference between the present value of the debt service on the old bond and the new loans) of approximately \$1,200,000.

Series 2021A-1 Taxable (Converting to Tax-Exempt) Limited Tax General Obligation Refunding Loan

On November 5, 2021, the District entered into a loan agreement with Key Government Finance, Inc. (“Lender”) to refund the 2018A & 2018B Bonds in the total principal amount of \$16,320,000. The interest rate on the 2021A-1 Loan will be (i) the taxable fixed rate of 3.67% prior to the tax-exempt reissuance date and (ii) the tax-exempt fixed rate of 2.71% on and after the tax-exempt reissuance date. Any unpaid principal or interest not paid by the maturity date of November 5, 2036, will accrue interest at the taxable fixed rate or tax-exempt fixed rate whichever rate is in place at maturity, plus 3% until paid in full. Interest is payable semi-annually on June 1st and December 1st, beginning December 1, 2022. The first principal payment is due December 1, 2022, with annual principal payments due December 1st each year thereafter.

The 2021A-1 Loan is secured by the 2021A-1 Pledged Revenue consisting of the funds derived by the District from the following sources, after payment of any costs of collection: (i) the Required Mill Levy; (ii) the portion of the Specific Ownership Taxes allocable to the amount of the Required Mill Levy; (iii) any PILOT Revenue; and (iv) any other legally available moneys which the District determines in its sole discretion to apply as 2021A-1 Pledged Revenue (“2021A-1 Pledged Revenue”).

The District may, at its option, prepay the 2021A-1 Loan in whole, or, with consent of the Lender, in part, on any date upon payment to the Lender of the principal amount and accrued interest to date, with no prepayment fee or premium. All optional prepayments shall be applied first against the principal payment due on the maturity date, and then in inverse order of maturity.

Series 2021A-2 Tax-Exempt Limited Tax General Obligation Loan

On November 5, 2021, the District entered into a loan agreement with Key Government Finance, Inc. (“Lender”) to fund public improvement costs in the total principal amount of \$1,075,000. The interest rate on the 2021A-2 Loan is the tax-exempt fixed rate of 2.71% through maturity. Any unpaid principal or interest not paid by the maturity date of November 5, 2036, will accrue interest at the tax-exempt fixed rate plus 3% until paid in full. Interest is payable semi-annually on June 1st and December 1st, beginning December 1, 2022. The first principal payment is due December 1, 2022, with annual principal payments due December 1 each year thereafter.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Series 2021A-2 Tax-Exempt Limited Tax General Obligation Loan (Continued)

The District may, at its option, prepay the 2021A-2 Loan in whole, or, with consent of the Lender, in part, on any date upon payment to the Lender of the principal amount and accrued interest to date, with no prepayment fee or premium. All optional prepayments shall be applied first against the principal payment due on the maturity date, and then in inverse order of maturity.

The 2021A-2 Loan is secured by the 2021A-2 Pledged Revenue consisting of the funds derived by the District from the following sources, after payment of any costs of collection: (i) the Required Mill Levy; (ii) the portion of the Specific Ownership Taxes allocable to the amount of the Required Mill Levy; (iii) any PILOT Revenue; and (iv) any other legally available moneys which the District determines in its sole discretion to apply as 2021A-2 Pledged Revenue (“2021A-2 Pledged Revenue”).

The District is required to certify a mill levy, not to exceed 45.29 mills less the amount of the Operations Mill Levy – defined with respect to any particular levy year as the number of mills necessary to produce the dollar amount of the Operations Deduction (defined as the amount reasonably determined by the District as being necessary to pay or reimburse the District’s operations and maintenance expenses, but not in excess of the following: (i) for levy year 2021 (for collection in 2022), the amount of \$125,000, and (ii) for each levy year thereafter, an additional 1% (the “Operation Deduction”) for the collection year (the “Operations Mill Levy”) sufficient to fund the Revenue Fund (to be maintained as long as the 2021A-1 and 2021A-2 Loans are outstanding) and generate revenues to cover the debt service requirements of the 2021A-1 and 2021A-2 Loans for years 2021 to 2035 (for collection in 2022 and 2023), and any subsequent years, to the extent necessary to repay any unpaid principal or interest due on the 2021A-1 and 2021A-2 Loans. Such mill levy will be increased or decreased to reflect changes in the method of calculating assessed valuation after May 1, 2003 with such increases or decreases to be determined by the Board of Directors in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The mill levy of 45.29 mills, as adjusted pursuant to the foregoing, is currently 53.170 mills.

The following is an analysis of changes in long-term obligations for the year ended December 31, 2021:

Bond and Loans Payable:	Balance December 31,			Balance December 31,	
	2020	Additions	Retirements	2021	Current Portion
2018A GO Ref. & Impr. Bonds	\$ 14,340,000	\$ -	\$(14,340,000)	\$ -	\$ -
2018B Subordinate GO Bonds	1,906,000		(1,906,000)	-	-
2018B Bonds Accrued Interest	404,918	152,222	(557,140)	-	-
2018A GO Bond Premium	116,785		(116,785)	-	-
Series 2021A-1 Limited Tax GO Loan	-	16,320,000	-	16,320,000	380,000
Series 2021A-2 Tax-Exempt GO Loan	-	1,075,000	-	1,075,000	35,000
Total Bonds and Loans Payable:	\$ 16,767,703	\$ 17,547,222	\$(16,919,925)	\$ 17,395,000	\$ 415,000

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Developer Advances:	Balance December 31,			Balance December 31,	
	2020	Additions	Retirements	2021	Current Portion
On-Site FFA					
Capital - principal	\$ 869,178	\$ -	\$ (869,178)	\$ -	\$ -
Capital - interest	41,227	59,057	(100,284)	-	-
Off-Site FFA					
Capital - principal	87,500	-	(87,500)	-	-
Capital - interest	4,150	5,945	(10,095)	-	-
Total Developer Advances	<u>\$ 1,002,055</u>	<u>\$ 65,002</u>	<u>\$ (1,067,057)</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of the annual long-term debt principal and interest requirements for the 2021A-1 and 2021A-2 Loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 415,000	\$ 628,077	\$ 1,043,077
2023	495,000	581,302	1,076,302
2024	655,000	446,744	1,101,744
2025	670,000	428,993	1,098,993
2026	710,000	410,836	1,120,836
2027-2031	4,000,000	1,749,983	5,749,983
2032-2036	4,885,000	1,161,371	6,046,371
2037-2041	5,565,000	778,275	6,343,275
	<u>\$ 17,395,000</u>	<u>\$ 6,185,581</u>	<u>\$ 23,580,581</u>

Authorized Debt

On November 4, 2003, a majority of the qualified electors of the District authorized the issuance of indebtedness in the amounts and purposes set for the in the table below, with interest rate not to exceed 18% per annum. The majority of qualified electors also voted to authorize the District to enter into one or more multiple fiscal year obligations, evidenced by an intergovernmental agreement, for the financing of public improvements, and to allow the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: LONG-TERM DEBT OBLIGATIONS (CONTINUED)

At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purpose:

Purpose	Debt Authorized	Amount Used, Series 2004 Bonds	Amount Used, 2014 Loan	Amount Used, Series 2018A Bonds	Amount Used, Contingently Refunding Series 2018A Bonds	Amount Used, Series 2018B Bonds	Amount Used, Series 2021A-1 Loan	Amount Used, Series 2021A-2 Bonds	Authorized but Unissued Debt
Streets	\$ 6,700,000	\$ (2,334,590)	\$ (528,707)	\$ (1,870,816)	\$ -	\$ (739,481)	\$ -	\$ (417,074)	\$ 809,332
Safety protection	1,000,000	-	-	-	-	-	-	-	1,000,000
Water	2,200,000	(647,550)	(146,583)	(373,819)	-	(147,760)	-	(83,338)	800,950
Sanitation	2,500,000	(1,013,162)	(229,428)	(571,729)	-	(225,988)	-	(127,459)	332,234
Park and recreation	14,600,000	(2,754,698)	(623,780)	(2,005,635)	-	(792,771)	-	(447,129)	7,975,987
Operations	500,000	-	-	-	-	-	-	-	500,000
Refunding	27,000,000	-	-	-	(9,833,001)	-	(16,320,000)	-	846,999
TOTAL	\$ 54,500,000	\$ (6,750,000)	\$ (1,528,498)	\$ (4,821,999)	\$ (9,833,001)	\$ (1,906,000)	\$ (16,320,000)	\$ (1,075,000)	\$ 12,265,502

Pursuant to the Service Plan, the Districts are permitted to issue bond indebtedness of up to \$18,200,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development within the District; however, as of the date of these financial statements, the amount and timing of any debt issuances is not determinable.

NOTE 5: AGREEMENTS

Acquisition Agreement

District No. 1 and Neumann Homes of Colorado, LLC (the “Developer”) entered into an Improvement Acquisition Agreement dated March 24, 2004 (the “Acquisition Agreement”) whereby the Developer agreed to design and construct certain improvements (the “Improvements”) for the benefit of District No. 1 and the development in anticipation of District No. 1 later acquiring such Improvements from the Developer. In exchange, District No. 1 agreed to pay the Developer for those costs associated with the design and construction of the Improvements, pursuant to the terms of the Acquisition Agreement. As of December 31, 2021, District No. 1 had not acquired any Improvements from the Developer under the Acquisition Agreement.

District Facilities Construction and Service Agreement

On April 21, 2004, the District and District No. 1 entered into a District Facilities Construction and Service Agreement (“District Facilities Agreement”). The District Facilities Agreement designates District No. 1 as the “Operating District”, and the District as the “Taxing District.” The District Facilities Agreement, as well as the Service Plan provides that the Operating District will own, (subject to transfers to other governmental entities) operate, maintain and construct the facilities benefiting both Districts and that the Taxing District will pay all costs related to the construction, operation and maintenance of such facilities through the imposition of taxes and facility fees which will be transferred to the Operating District on an ongoing basis. On February 5, 2018, the District and District No. 1 entered into a First Amendment to District Facilities Construction and Service Agreement to recognize the issuance of the District’s 2018A Bonds and 2018B Bonds and to authorize the District to transfer the proceeds of the 2018A Bonds and 2018B Bonds in accordance with the provisions of the On-Site FFAA (as defined below) and the Off-Site FFAA (as defined below).

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5: AGREEMENTS (CONTINUED)

Off-Site Facilities Funding and Acquisition Agreement

On February 16, 2018, the District and Richmond American Homes of Colorado, Inc. (“Richmond”) entered into an Off-Site Facilities Funding and Acquisition Agreement (the “Off-Site FFAA”) whereby Richmond agreed to construct the Off-Site Improvements (as defined therein) and convey the same to the District or other appropriate jurisdiction and the District agrees to reimburse Richmond for its construction costs relative to the Off-Site Improvements up the maximum amount of \$3,500,000 from the proceeds of the 2018A Bonds and 2018B Bonds. The obligation of the District under the Off-Site FFAA is a multi-fiscal year obligation of the District. The obligation of the District to acquire and pay for the Off-Site Improvements expires on February 16, 2021. On November 5, 2021, the District paid Richmond \$87,500 of principal and \$10,095 of accrued interest as full satisfaction of amounts due under the Off-Site Improvements FFAA.

On-Site Facilities Funding and Acquisition Agreement

On February 16, 2018, the District and Serenity Investors, LLC (“Serenity Investors”) entered into an On-Site Facilities Funding and Acquisition Agreement (the “On-Site FFAA”) whereby the District agreed to reimburse Serenity Investors for the costs associated with the construction of the On-Site Improvements (as defined therein) constructed by Richmond and conveyed to the District or other appropriate jurisdiction, as such reimbursement rights were assigned by Richmond to Serenity pursuant to a purchase and sale agreement. The District is to reimburse Serenity Investors from the proceeds of the Series 2018A Bonds and the Series 2018B Bonds, subject to Richmond being fully reimbursed pursuant to the terms of the Off-Site FFAA. If the proceeds of the 2018A and 2018B Bonds are insufficient to reimburse Serenity Investors for the costs associated with the On-Site Improvements, the parties agreed that no payments are required of the District unless and until the District issues bonds in an amount sufficient to reimburse Serenity Investors for all or a portion of the unpaid construction costs associated with the On-Site Improvements. Interest will accrue on the construction costs from the date incurred at the rate of 8% per annum. The obligation of the District to acquire and pay for the On-Site Improvements expires on December 31, 2058. On November 5, 2021, the District paid Serenity Investors \$869,178 of principal and \$100,284 of accrued interest, in full satisfaction of all outstanding balances due under the On-Site Improvements FFAA.

Letter Agreement Regarding Reimbursement for On-site Improvements and Off-Site Improvements

On October 14, 2019, the District provided that certain Letter Agreement from the District to Serenity Investors and Richmond regarding reimbursement allocation for on-site and off-site improvements (“Letter Agreement”). In this Letter Agreement, the District acknowledges the amount of \$2,732,361 has been certified as District eligible costs reimbursable to Serenity Investors, pursuant to the terms of the On-Site FFAA and Off-Site FFAA (the “Reimbursement Amount”).

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5: AGREEMENTS (CONTINUED)

Letter Agreement Regarding Reimbursement for On-Site Improvements and Off-Site Improvements (Continued)

Pursuant to the Letter Agreement, Serenity Investors and Richmond agree and acknowledge that the \$1,954,342 certified as incurred for On-Site improvements was reimbursable to Serenity Investors (“On-Site Reimbursement”), and the \$778,019 incurred for Off-Site Improvements was reimbursable to Richmond (“Off-Site Reimbursement”). Consistent with the terms of the Off-Site FFAA, the District acknowledged it placed \$3,500,000 of proceeds from the Series 2018A and Series 2018B Bonds in escrow to pay for construction and acquisition of the Off-Site improvements. The Parties acknowledged that pursuant to the On-Site FFAA, the District will not utilize, and Serenity Investors is not entitled to, any portion of these funds held in escrow until it is released in accordance to the terms of the Off-Site FFAA. Due to the timing of construction, Richmond agreed that Serenity Investors may be paid their On-Site Reimbursement in the amount of \$1,954,342, prior to the amount held in escrow for Off-Site Reimbursement being fully released, provided the amount remaining in escrow is at least \$3,500,000 less \$778,019 (the amount of Off-Site Reimbursement set forth in the Letter Agreement).

NOTE 6: RELATED PARTIES

During 2021, a majority of the District’s board members were officers, employees or consultants of landowners within the District.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or 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, and public officials’ liability 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 8: TAX, SPENDING, AND DEBT LIMITATIONS

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

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

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8: TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2021, the District determined its required emergency reserve to be approximately \$8,300.

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.

NOTE 9: NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had net investment in capital assets, as follows:

Capital assets - construction in progress	\$ 7,137,939
Long-term debt applicable to capital assets	(17,395,000)
Accrued interest on long-term debt	<u>(52,340)</u>
Net Investment in Capital Assets	<u><u>\$ (10,309,401)</u></u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2021, consisting of the following:

Restricted Net Position:	
Emergency Reserves	\$ 8,300
Debt Service	<u>2,288,787</u>
Total Restricted Net Position	<u><u>\$ 2,297,087</u></u>

The District has an unrestricted net position as of December 31, 2021 totaling \$308,498.

The District has deficit net position of \$7,703,816 as of December 31, 2021. The District has incurred general obligation debt since inception for the construction of public improvements within the District. All of these assets have or will be deeded or transferred to other local and state governmental entities. These entities have assumed the responsibility for continued maintenance of these improvements and therefore, these assets no longer belong to the District but still exist for the benefit and use of the taxpayers of the District. GASB 34 requires netting the debt acquired to purchase assets against those assets the District still holds title to, which creates the net deficit as of December 31, 2021.

SUPPLEMENTARY INFORMATION

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2021
BUDGETARY BASIS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property taxes	\$ 1,136,646	\$ 1,136,646	\$ 1,136,430	\$ 216
Specific ownership taxes	68,199	68,199	78,337	(10,138)
Interest income	-	-	1,797	(1,797)
Transfers in District No. 1	-	-	6,000	(6,000)
Total Revenues	<u>1,204,845</u>	<u>1,204,845</u>	<u>1,222,564</u>	<u>(17,719)</u>
Expenditures				
Audit	6,500	6,500	-	6,500
County treasurer fees	17,050	17,050	17,057	(7)
Miscellaneous	2,500	2,500	-	2,500
Bond issuance costs	-	255,000	252,811	2,189
Paying agent fees	5,000	5,000	6,179	(1,179)
Bond principal	205,000	205,000	-	205,000
Bond interest	719,456	508,950	405,089	103,861
Total Expenditures	<u>955,506</u>	<u>1,000,000</u>	<u>681,136</u>	<u>318,864</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>249,339</u>	<u>204,845</u>	<u>541,428</u>	<u>336,583</u>
Other Financing Sources (Uses):				
Bond issuance	-	17,395,000	17,395,000	-
Bond repayment	-	(19,200,000)	(19,156,244)	43,756
Transfers in (out) to other funds	-	(2,300,000)	(1,066,420)	1,233,580
Net Other Financing Sources (Uses)	<u>-</u>	<u>(4,105,000)</u>	<u>(2,827,664)</u>	<u>1,277,336</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>249,339</u>	<u>(3,900,155)</u>	<u>(2,286,236)</u>	<u>1,613,919</u>
Fund Balance, Beginning of Year	<u>2,326,501</u>	<u>2,326,501</u>	<u>2,318,797</u>	<u>(7,704)</u>
Fund Balance, End of Year	<u>\$ 2,575,840</u>	<u>\$ (1,573,654)</u>	<u>\$ 32,561</u>	<u>\$ 1,606,215</u>

See independent auditors' report.

**SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2021
BUDGETARY BASIS**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Interest income	\$ 500	\$ 500	\$ 12	\$ (488)
Total Revenues	<u>500</u>	<u>500</u>	<u>12</u>	<u>(488)</u>
Expenditures				
Miscellaneous	-	25,000	2	24,998
Total Expenditures	<u>-</u>	<u>25,000</u>	<u>2</u>	<u>24,998</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>500</u>	<u>(24,500)</u>	<u>10</u>	<u>24,510</u>
Other Financing Sources (Uses):				
Repayment of developer advances	-	(22,000,000)	(1,067,057)	20,932,943
Transfers in (out) to District No. 1	-	(475,000)	(90,430)	384,570
Transfers in (out) to other funds	-	-	1,066,420	1,066,420
Net Other Financing Sources (Uses)	<u>-</u>	<u>(22,475,000)</u>	<u>(91,067)</u>	<u>22,383,933</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>500</u>	<u>(22,499,500)</u>	<u>(91,057)</u>	<u>22,408,443</u>
Fund Balance, Beginning of Year	<u>94,667</u>	<u>94,667</u>	<u>91,057</u>	<u>(3,610)</u>
Fund Balance, End of Year	<u>\$ 95,167</u>	<u>\$ (22,404,833)</u>	<u>\$ -</u>	<u>\$ 22,404,833</u>

See independent auditors' report.



June 28, 2023

WORK ORDER #97538

PROPOSAL FOR

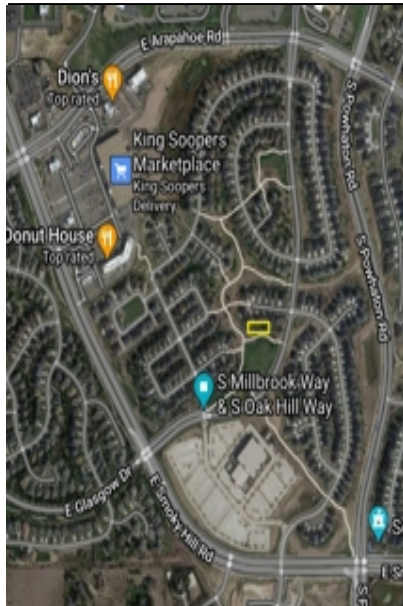
JAMES BECK
SPECIAL DISTRICT MANAGEMENT SERVICES
SERENITY RIDGE METRO DISTRICT #1
26285 E FROST PLACE
AURORA, CO 80016

Thank you for allowing us to provide you a quote to perform the work we discussed. We will work out a schedule with you to complete the work once you sign and return this proposal. You may send it via email to service@keesenlandscape.com or fax it to (303) 761-3466. While we do not anticipate any changes to the total cost, Keesen Landscape Management, Inc. does reserve the right to review any proposal that is over 30 days old.

DESCRIPTION OF WORK TO BE PERFORMED

Remove Cattails and Install Dry Sump NE of Park





Sale	\$3,975.00
Sales Tax	\$89.37
Total	\$4,064.37

**SERENITY RIDGE METRO DISTRICT #1
WORK ORDER SUMMARY**

INCLUDED SERVICES	SALES TAX	TOTAL COST
Dry Well in Park at Cattails	\$89.37	\$4,064.37
	\$89.37	\$4,064.37

Note: Unless otherwise specified, supplemental watering is not included in this proposal. If additional watering is necessary to protect plant material warranty, a separate proposal will be submitted.

Note: New plant material will be covered by a 1 year/1 replacement warrant. This does not cover any plant material not connected to working irrigation, owner negligence or circumstances beyond our control including freeze and rodent damage. This includes trees, shrubs and perennial plant material only.

Force Majeure and Delays

Landscape Contractor’s installation and warranty obligations under this work order are accepted subject to strikes, labor troubles (including strikes or labor troubles affecting any suppliers of Landscape Contractor), floods, fires, acts of God, accidents, delays, shortages of equipment, contingencies of transportation, and other causes of like or different character beyond the control of the Landscape Contractor. Impossibility of performance by reason of any legislative, executive, or judicial act of any government authority shall excuse performance of or delay in performance of this work order.

By 
Catherine A. DeFotis

Date 6/28/2023

**Keesen Landscape Management,
Inc.**

By _____

Date _____

**SPECIAL DISTRICT
MANAGEMENT SERVICES**

as Agent for

SERENITY RIDGE METRO
DISTRICT #1

Note: Unless otherwise specified in the work order, all required irrigation repairs/modifications will be done on a time and materials basis at contracted rates.

CHANGE ORDER

Change Order No: 1	Date Issued: July 5, 2023
Name of Agreement: Service Agreement for Landscape Maintenance	
Date of Agreement: January 1, 2023	District(s): Serenity Ridge Metropolitan District #2
Other Party/Parties: Keesen Landscape Management Inc.	

CHANGE IN SCOPE OF SERVICES (describe):

Per attached proposal dated June 28, 2023.
Work Order number 97541

CHANGE IN AGREEMENT PRICE:	CHANGE IN TERM OF AGREEMENT:
Original Price: \$ <u>43,848.00</u>	Original Term: Expires _____, 20__
Increase of this Change Order: \$ <u>1,250.00</u>	New Term: Expires _____, 20__
Price with all Approved Change Orders: \$ <u>45,098.00</u>	Agreement Time with all Approved Change Orders:

APPROVED:	
By:	
	District

APPROVED:	
By:	
	Consultant



June 28, 2023

WORK ORDER #97541

PROPOSAL FOR

JAMES BECK
SPECIAL DISTRICT MANAGEMENT SERVICES
SERENITY RIDGE METRO DISTRICT #1
26285 E FROST PLACE
AURORA, CO 80016

Thank you for allowing us to provide you a quote to perform the work we discussed. We will work out a schedule with you to complete the work once you sign and return this proposal. You may send it via email to service@keesenlandscape.com or fax it to (303) 761-3466. While we do not anticipate any changes to the total cost, Keesen Landscape Management, Inc. does reserve the right to review any proposal that is over 30 days old.

DESCRIPTION OF WORK TO BE PERFORMED

Remove Graffiti at Gazebo

Remove graffiti from pillars at the gazebo using a pressure washer. This may cause the paint to strip off of the pillars. Not responsible if paint does strip off and can send another proposal to repaint if necessary.

Sale	\$1,250.00
Sales Tax	\$5.60
Total	\$1,255.60

**SERENITY RIDGE METRO DISTRICT #1
WORK ORDER SUMMARY**

INCLUDED SERVICES	SALES TAX	TOTAL COST
Graffiti Removal	\$5.60	\$1,255.60
	\$5.60	\$1,255.60

Note: Unless otherwise specified, supplemental watering is not included in this proposal. If additional watering is necessary to protect plant material warranty, a separate proposal will be submitted.

Note: New plant material will be covered by a 1 year/1 replacement warrant. This does not cover any plant material not connected to working irrigation, owner negligence or circumstances beyond our control including freeze and rodent damage. This includes trees, shrubs and perennial plant material only.

Force Majeure and Delays

Landscape Contractor’s installation and warranty obligations under this work order are accepted subject to strikes, labor troubles (including strikes or labor troubles affecting any suppliers of Landscape Contractor), floods, fires, acts of God, accidents, delays, shortages of equipment, contingencies of transportation, and other causes of like or different character beyond the control of the Landscape Contractor. Impossibility of performance by reason of any legislative, executive, or judicial act of any government authority shall excuse performance of or delay in performance of this work order.

By 
Catherine A. DeFotis

Date 6/28/2023

**Keesen Landscape Management,
Inc.**

By _____

Date _____

**SPECIAL DISTRICT
MANAGEMENT SERVICES**

as Agent for

SERENITY RIDGE METRO
DISTRICT #1

Note: Unless otherwise specified in the work order, all required irrigation repairs/modifications will be done on a time and materials basis at contracted rates.

CHANGE ORDER

Change Order No: 2	Date Issued: July 5, 2023
Name of Agreement: Service Agreement for Landscape Maintenance	
Date of Agreement: January 1, 2023	District(s): Serenity Ridge Metropolitan District #2
Other Party/Parties: Keesen Landscape Management Inc.	

CHANGE IN SCOPE OF SERVICES (describe):

Per attached proposal dated June 28, 2023. Work Order number 97535

CHANGE IN AGREEMENT PRICE:	CHANGE IN TERM OF AGREEMENT:
Original Price: \$ <u>43,848.00</u>	Original Term: Expires _____, 20__
Increase of this Change Order: \$ <u>1,150.00</u>	New Term: Expires _____, 20__
Price with all Approved Change Orders: \$ <u>46,248.00</u>	Agreement Time with all Approved Change Orders:

APPROVED:	
By:	
	District

APPROVED:	
By:	
	Consultant



June 28, 2023

WORK ORDER #97535

PROPOSAL FOR

JAMES BECK
SPECIAL DISTRICT MANAGEMENT SERVICES
SERENITY RIDGE METRO DISTRICT #1
26285 E FROST PLACE
AURORA, CO 80016

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DESCRIPTION OF WORK TO BE PERFORMED

Mulch

Install mulch on median island at Oak Hill and Arapahoe.

Sale	\$1,150.00
Sales Tax	\$49.39
Total	\$1,199.39

**SERENITY RIDGE METRO DISTRICT #1
WORK ORDER SUMMARY**

INCLUDED SERVICES	SALES TAX	TOTAL COST
Mulch	\$49.39	\$1,199.39
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By  _____

Catherine A. DeFotis

Date 6/28/2023

**Keesen Landscape Management,
Inc.**

By _____

Date _____

**SPECIAL DISTRICT
MANAGEMENT SERVICES**

as Agent for

SERENITY RIDGE METRO
DISTRICT #1

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June 28, 2023

WORK ORDER #97535

PROPOSAL FOR

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SPECIAL DISTRICT MANAGEMENT SERVICES
SERENITY RIDGE METRO DISTRICT #1
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WORK ORDER SUMMARY**

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By  _____

Catherine A. DeFotis

Date 6/28/2023

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Inc.**

By _____

Date _____

**SPECIAL DISTRICT
MANAGEMENT SERVICES**

as Agent for

SERENITY RIDGE METRO
DISTRICT #1

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