

SENAC SOUTH METROPOLITAN DISTRICT NOS. 1-4

2023 CONSOLIDATED ANNUAL REPORT

SENAC SOUTH METROPOLITAN DISTRICT NOS. 1-4

**2023 CONSOLIDATED ANNUAL REPORT
TO
THE CITY OF AURORA**

Pursuant to the Service Plan for Senac South Metropolitan District Nos. 1-4 (collectively, the “**Districts**”) and C.R.S. § 32-1-207(3)(c), the Districts are required to provide an annual report to the City of Aurora (the “**City**”) with regard to the following matters.

For the year ending December 31, 2023, the Districts make the following report:

Service Plan Requirements

- 1. Boundary changes made or proposed to the Districts’ boundaries as of December 31 of the prior year.**

There were no boundary changes made or proposed to the Districts’ boundaries in 2023.

- 2. Intergovernmental Agreements with other governmental entities either entered into or proposed as of December 31 of the prior year.**

The Districts neither entered into nor proposed any intergovernmental agreements during 2023.

- 3. Copies of the Districts’ rules and regulations, if any, as of December 31 of the prior year.**

As of December 31, 2023, the Districts had not adopted any rules or regulations.

- 4. A summary of any litigation which involves the Districts’ Public Improvements as of December 31 of the prior year.**

To our actual knowledge, based on review of the court records in Arapahoe County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ public improvements as of December 31, 2023.

- 5. Status of the Districts’ construction of the Public Improvements as of December 31 of the prior year.**

As of December 31, 2023, the Districts had not constructed any public improvements.

- 6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.**

The Districts did not construct any facilities or improvements dedicated to or accepted by the City in 2023.

7. The assessed valuation of the Districts for the current year.

District No. 1 assessed valuation for 2023 is \$6,876.

District No. 2 assessed valuation for 2023 is \$698.

District No. 3 assessed valuation for 2023 is \$698.

District No. 4 assessed valuation for 2023 is \$698.

8. Current year budget including a description of the Public Improvements to be constructed in such year.

District No. 1's 2024 budget is attached hereto as **Exhibit A**. As of the date of filing this report, District No. 1 does not plan to construct any Public Improvements in 2024. District Nos. 2-4 returned to inactive status in 2023, and thus, did not adopt budgets for 2024.

9. Audit of the Districts' financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

District No. 1's 2023 audit has not been completed and will be provided as a supplement to this report upon completion.

10. Notice of any uncured events of default by the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.

To our actual knowledge, the Districts did not receive notice of any uncured events of default by the Districts, which continued beyond a ninety (90) day period, under any Debt instrument.

11. Any inability of the Districts to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

To our actual knowledge, there was not any inability of the Districts to pay their obligations as they came due, in accordance with the terms of such obligations, which continued beyond a ninety (90) day period.

C.R.S. § 32-1-207(3) Statutory Requirements

1. Boundary changes made.

There were no boundary changes made to the Districts' boundaries in 2023.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

The Districts neither entered into nor proposed any intergovernmental agreements with other governmental entities during 2023.

3. Access information to obtain a copy of rules and regulations adopted by the board.

As of December 31, 2023, the Districts had not adopted any rules or regulations. Any rules and regulations, if adopted, are accessible at: <https://senacsouthmetrodistrict.com/>.

4. A summary of litigation involving Public Improvements owned by the Districts.

To our actual knowledge, based on review of the court records in Arapahoe County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts' Public Improvements as of December 31, 2023.

5. The status of the construction of Public Improvements by the Districts.

As of December 31, 2023, the Districts had not constructed any Public Improvements.

6. A list of facilities or improvements constructed by the Districts that were conveyed or dedicated to the county or municipality.

The Districts did not construct any facilities or improvements dedicated to or accepted by the City in 2023.

7. The final assessed valuation of the Districts as of December 31st of the reporting year.

District No. 1 assessed valuation for 2023 is \$6,876.

District No. 2 assessed valuation for 2023 is \$698.

District No. 3 assessed valuation for 2023 is \$698.

District No. 4 assessed valuation for 2023 is \$698.

8. A copy of the current year's budget.

District No. 1's 2024 budget is attached hereto as **Exhibit A**. District Nos. 2-4 returned to inactive status in 2023, and thus, did not adopt budgets for 2024.

9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

District No. 1's 2023 audit has not been completed and will be provided as a supplement to this report upon completion.

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the Districts.

To our actual knowledge, the Districts did not receive notice of any uncured events of default by the Districts, which continued beyond a ninety (90) day period, under any Debt instrument.

- 11.** Any inability of the Districts to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.

To our actual knowledge, there was not any inability of the Districts to pay their obligations as they came due, in accordance with the terms of such obligations, which continued beyond a ninety (90) day period.

EXHIBIT A
2024 Budget

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/24

| | ACTUAL 2022 | ESTIMATED 2023 | BUDGET 2024 |
|---|----------------------|----------------------|----------------------|
| BEGINNING FUND BALANCES | \$ 43,894,860 | \$ 44,616,835 | \$ 47,002,752 |
| REVENUES | | | |
| Property taxes | 10 | 488 | 461 |
| Specific ownership taxes | 1 | 29 | 28 |
| Property taxes - SARIA | - | 8 | 8 |
| Interest income | 722,553 | 2,400,000 | 2,600,000 |
| Developer advance | 94,877 | 159,460 | 75,000 |
| Total revenues | <u>817,441</u> | <u>2,559,985</u> | <u>2,675,497</u> |
| TRANSFERS IN | <u>-</u> | <u>-</u> | <u>3,500</u> |
| Total funds available | <u>44,712,301</u> | <u>47,176,820</u> | <u>49,681,749</u> |
| EXPENDITURES | | | |
| General Fund | 68,938 | 80,602 | 72,000 |
| Debt Service Fund | 4,000 | 4,006 | 4,006 |
| Capital Projects Fund | 22,528 | 89,460 | 10,000,000 |
| Total expenditures | <u>95,466</u> | <u>174,068</u> | <u>10,076,006</u> |
| TRANSFERS OUT | <u>-</u> | <u>-</u> | <u>3,500</u> |
| Total expenditures and transfers out requiring appropriation | <u>95,466</u> | <u>174,068</u> | <u>10,079,506</u> |
| ENDING FUND BALANCES | <u>\$ 44,616,835</u> | <u>\$ 47,002,752</u> | <u>\$ 39,602,243</u> |
| EMERGENCY RESERVE | \$ 100 | \$ 100 | \$ 100 |
| AVAILABLE FOR OPERATIONS | 12,709 | 2,201 | 1,798 |
| RESTRICTED CAPITAL PROJECTS FUND | 2,337,999 | - | - |
| TOTAL RESERVE | <u>\$ 2,350,808</u> | <u>\$ 2,301</u> | <u>\$ 1,898</u> |

No assurance provided. See summary of significant assumptions.

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/24/24

| | ACTUAL 2022 | ESTIMATED 2023 | BUDGET 2024 |
|--------------------------------|----------------|-------------------|-----------------|
| ASSESSED VALUATION | | | |
| Agricultural | \$ - | \$ 6,526 | \$ 6,736 |
| Vacant land | 145 | 145 | 140 |
| Certified Assessed Value | <u>\$ 145</u> | <u>\$ 6,671</u> | <u>\$ 6,876</u> |
| | | | |
| MILL LEVY | | | |
| General | 11.133 | 12.205 | 12.214 |
| Debt Service | 55.664 | 61.027 | 54.864 |
| ARI | 1.113 | 1.220 | 1.097 |
| Total mill levy | <u>67.910</u> | <u>74.452</u> | <u>68.175</u> |
| | | | |
| PROPERTY TAXES | | | |
| General | \$ 2 | \$ 81 | \$ 84 |
| Debt Service | 8 | 407 | 377 |
| ARI | - | 8 | 8 |
| Levied property taxes | <u>10</u> | <u>496</u> | <u>469</u> |
| Budgeted property taxes | <u>\$ 10</u> | <u>\$ 496</u> | <u>\$ 469</u> |
| | | | |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 2 | \$ 81 | \$ 84 |
| Debt Service | 8 | 407 | 377 |
| ARI | - | 8 | 8 |
| | <u>\$ 10</u> | <u>\$ 496</u> | <u>\$ 469</u> |

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/24

| | ACTUAL 2022 | ESTIMATED 2023 | BUDGET 2024 |
|---|------------------|-------------------|-----------------|
| BEGINNING FUND BALANCES | \$ (13,132) | \$ 12,809 | \$ 2,301 |
| REVENUES | | | |
| Property taxes | 2 | 81 | 84 |
| Specific ownership taxes | - | 5 | 5 |
| Property taxes - SARIA | - | 8 | 8 |
| Developer advance | 94,877 | 70,000 | 75,000 |
| Total revenues | <u>94,879</u> | <u>70,094</u> | <u>75,097</u> |
| Total funds available | <u>81,747</u> | <u>82,903</u> | <u>77,398</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 40,246 | 35,000 | 30,000 |
| Auditing | 3,850 | 5,000 | 5,500 |
| County Treasurer's fee | - | 1 | 1 |
| Dues and membership | 307 | 314 | 450 |
| Insurance | 2,979 | 2,571 | 3,000 |
| Legal | 17,921 | 35,000 | 30,000 |
| Election | 2,235 | 2,108 | - |
| Website | 1,400 | 600 | 1,000 |
| Contingency | - | - | 2,041 |
| SARIA | - | 8 | 8 |
| Total expenditures | <u>68,938</u> | <u>80,602</u> | <u>72,000</u> |
| TRANSFERS OUT | | | |
| Transfers to other fund | <u>-</u> | <u>-</u> | <u>3,500</u> |
| Total expenditures and transfers out requiring appropriation | <u>68,938</u> | <u>80,602</u> | <u>75,500</u> |
| ENDING FUND BALANCES | <u>\$ 12,809</u> | <u>\$ 2,301</u> | <u>\$ 1,898</u> |

No assurance provided. See summary of significant assumptions.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/24

| | ACTUAL 2022 | ESTIMATED 2023 | BUDGET 2024 |
|---|-----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ 8,000 | \$ 4,009 | \$ 434 |
| REVENUES | | | |
| Property taxes | 8 | 407 | 377 |
| Specific ownership taxes | 1 | 24 | 23 |
| Total revenues | <u>9</u> | <u>431</u> | <u>400</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>-</u> | <u>-</u> | <u>3,500</u> |
| Total funds available | <u>8,009</u> | <u>4,440</u> | <u>4,334</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | - | 6 | 6 |
| Paying agent fees | 4,000 | 4,000 | 4,000 |
| Total expenditures | <u>4,000</u> | <u>4,006</u> | <u>4,006</u> |
| Total expenditures and transfers out requiring appropriation | <u>4,000</u> | <u>4,006</u> | <u>4,006</u> |
| ENDING FUND BALANCES | <u>\$ 4,009</u> | <u>\$ 434</u> | <u>\$ 328</u> |

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/24

| | ACTUAL 2022 | ESTIMATED 2023 | BUDGET 2024 |
|---|----------------------|----------------------|----------------------|
| BEGINNING FUND BALANCES | \$ 43,899,992 | \$ 44,600,017 | \$ 47,000,017 |
| REVENUES | | | |
| Interest income | 722,553 | 2,400,000 | 2,600,000 |
| Developer advance | - | 89,460 | - |
| Total revenues | <u>722,553</u> | <u>2,489,460</u> | <u>2,600,000</u> |
| TRANSFERS IN | | | |
| Total funds available | <u>44,622,545</u> | <u>47,089,477</u> | <u>49,600,017</u> |
| EXPENDITURES | | | |
| General and Administrative | | | |
| Bond issue costs | 22,528 | - | - |
| Capital Projects | | | |
| Repay developer advance | - | 89,460 | - |
| Engineering | - | - | 2,000,000 |
| Capital outlay | - | - | 8,000,000 |
| Total expenditures | <u>22,528</u> | <u>89,460</u> | <u>10,000,000</u> |
| TRANSFERS OUT | | | |
| Total expenditures and transfers out requiring appropriation | <u>22,528</u> | <u>89,460</u> | <u>10,000,000</u> |
| ENDING FUND BALANCES | <u>\$ 44,600,017</u> | <u>\$ 47,000,017</u> | <u>\$ 39,600,017</u> |
| RESTRICTED CAPITAL PROJECTS FUND | \$ 2,337,999 | \$ - | \$ - |
| TOTAL RESERVE | <u>\$ 2,337,999</u> | <u>\$ -</u> | <u>\$ -</u> |

SENAC SOUTH METROPOLITAN DISTRICT NO. 1
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District was organized by Court Order on December 8, 2005, to provide financing for the design, acquisition, installation, and construction of streets, traffic and safety controls, water, sanitary sewer, parks and recreation, public transportation, mosquito control and security services and related operation and maintenance services within and without the boundaries of the District. The District's service area is located entirely within the City of Aurora (the "City"), in Arapahoe County, Colorado. Under the Service Plan, the District is the Operating District and is related to Senac South Metropolitan District No. 2 (Senac South No. 2) and Senac South Metropolitan District No. 3 (Senac South No. 3) and Senac South Metropolitan District No. 4 (Senac South No. 4), which serve as the Taxing Districts. The Operating District is responsible for management of the construction of all facilities and improvement and for operation and maintenance of all improvements not conveyed to the City. The Taxing Districts provide the funding for infrastructure improvements and the tax base needed to support ongoing operations.

On November 1, 2005, District voters approved authorization to increase property taxes up to \$500,000, annually, without limitation of rate, to pay for the operations and maintenance expenditures of the District. District electors approved revenue indebtedness of \$66,000,000 for the above listed facilities, \$66,000,000 for refunding of debt, \$66,000,000 for multi-fiscal year intergovernmental contracts and \$66,000,000 for reimbursement agreements. The voters also authorized debt of \$8,500,000 for the issuance of mortgages, liens and other encumbrances on District real and personal property and \$40,000,000 for Aurora Regional Improvements. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law. Pursuant to the Service Plan, the total debt of the Districts is limited to \$55,000,000.

As a condition of the Service Plan Approval, the District agreed to enter into an Intergovernmental Agreement with The City of Aurora, Colorado (the "City"), Senac South No. 2, Senac South No. 3 and Senac South No. 4 (Districts 1, 2, 3 and 4 collectively the "Districts"). Under the provisions of this Intergovernmental Agreement the Districts have the responsibility, among other things, to construct certain public improvements set forth in the Service Plan and to impose a mill levy as defined in the Districts' Service Plan as the Aurora Regional Improvements Mill Levy (ARI Mill Levy). None of the Districts' debt service mill levy can exceed 50.000 mills for any portion of the Districts' debt which exceeds 50% of the Districts' assessed valuation ("mill levy cap").

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Developer Advances

The District is in the development stage. Advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse others from bond proceeds and other available revenue.

Property Taxes

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

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

| Category | Rate | | Category | Rate | | Actual Value Reduction | Amount |
|---------------------------|--------|--|-----------------------|--------|--|---------------------------|----------|
| Single-Family Residential | 6.70% | | Agricultural Land | 26.40% | | Single-Family Residential | \$55,000 |
| Multi-Family Residential | 6.70% | | Renewable Energy Land | 26.40% | | Multi-Family Residential | \$55,000 |
| Commercial | 27.90% | | Vacant Land | 27.90% | | Commercial | \$30,000 |
| Industrial | 27.90% | | Personal Property | 27.90% | | Industrial | \$30,000 |
| Lodging | 27.90% | | State Assessed | 27.90% | | Lodging | \$30,000 |
| | | | Oil & Gas Production | 87.50% | | | |

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District’s share will be equal to approximately 6.00% of the property taxes collected.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Net Investment Income

Interest earned on the District's available funds has been estimated based on historical and anticipated future earnings based on market conditions.

System Development Fees

The District imposes a System Development Fee in the amount of \$2,500 for each residential unit within the District. The System Development Fee is payable at the time a building permit is issued by the County for a residential unit. The System Development Fee revenue is pledged to the payment of the Bonds. No System Development Fee revenue is expected in 2024.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance and other administrative expenditures.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.50% of property tax collections by Arapahoe County.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Series 2021A(3) Bonds (discussed under Debt and Leases). No principal or interest payments are expected in 2024.

Capital Infrastructure

The District anticipates capital expenditures as noted on the Capital Projects Fund page of the budget. The District will own, operate and maintain all District eligible public improvements within its boundaries that are not dedicated to any other public entity.

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

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

The District issued the Bonds on November 10, 2021, in the par amount of \$45,155,000. Proceeds from the sale of the Bonds were used for the purposes of (i) paying a portion of the costs of capital infrastructure improvements or reimbursing the landowner for the advancement of those costs, to the extent of available proceeds; and (ii) paying costs of issuance of the Bonds.

The Bonds bear interest at 5.250% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. Unpaid interest on the Bonds compounds annually on December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 2, 2061, such amounts shall be extinguished and no longer due and outstanding.

Proceeds of the Bonds in the amount of \$2,300,000 were deposited to the Restricted Account of the Project Fund upon closing. Upon the receipt by the District or the Landowner of a No Further Action Letter from the State or such other governmental authorities having jurisdiction over such matters, the Trustee is to transfer all amounts from within the Restricted Account to the Unrestricted Account. The anticipated balance in the Restricted Account as of December 31, 2024 is nil.

Developer Advances

Estimated Developer advances for operations for December 31, 2024 are as follows:

| | Balance December 31, 2022 | Additions | Deletions | Est. Balance December 31, 2023 |
|---------------------|---------------------------------|-------------------|------------------|--------------------------------------|
| Developer Advance | | | | |
| Principal - O&M | \$ 246,110 | \$ 70,000 | \$ - | \$ 316,110 |
| Principal - Capital | - | 89,460 | 89,460 | - |
| Interest | 98,673 | 760 | - | 99,433 |
| Total | <u>\$ 344,783</u> | <u>\$ 160,220</u> | <u>\$ 89,460</u> | <u>\$ 415,543</u> |
| | | | | |
| | Balance December 31, 2023 | Additions | Deletions | Est. Balance December 31, 2024 |
| Developer Advance | | | | |
| Principal - O&M | \$ 316,110 | \$ 75,000 | \$ - | \$ 391,110 |
| Interest | 99,433 | 766 | - | 100,199 |
| Total | <u>\$ 415,543</u> | <u>\$ 75,766</u> | <u>\$ -</u> | <u>\$ 491,309</u> |

**SENAC SOUTH METROPOLITAN DISTRICT NO. 1
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3.00% of fiscal year spending, as defined under TABOR.

This information is an integral part of the accompanying budget.