SECOND CREEK FARM
METROPOLITAN DISTRICT NO. 4
Commerce City, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
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YEAR ENDED DECEMBER 31, 2022

FISCAL FOCUS PARTNERS LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Second Creek Farm Metropolitan District No. 4
Commerce City, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of Second Creek Farm Metropolitan District No. 4 (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Fiscal Focus Partners, LLC

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Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information (together, the information) as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

As disclosed in Note 6 of the financial statements, the District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, the District may be dependent upon the developer for funding continued operations.

Fiscal Focus Partners, LLC

Arvada, Colorado
September 27, 2023

BASIC FINANCIAL STATEMENTS

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	$ 1
Receivable - Developer Advance	65,049
Property Tax Receivable	561
Total Assets	65,611
LIABILITIES	
Noncurrent Liabilities:	
Due in More Than One Year	1,355,204
Total Liabilities	1,355,204
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	561
Total Deferred Inflows of Resources	561
NET POSITION	
Unrestricted	(1,290,154)
Total Net Position	$ (1,290,154)

See accompanying Notes to Basic Financial Statements.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 309,014	$ -	$ -	$ -	$ (309,014)
Intergovernmental Expenditures for Infrastructure Improvements	659,778	-	-	-	(659,778)
Interest and Related Costs on Long-Term Debt	82,712	-	-	-	(82,712)
Total Governmental Activities	$ 1,051,504	$ -	$ -	$ -	(1,051,504)
	Net Position - Beginning of Year				(238,650)
	NET POSITION - END OF YEAR				$ (1,290,154)

See accompanying Notes to Basic Financial Statements.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Investments - Restricted	$ -	$ 1	$ -	$ 1
Property Tax Receivable	135	426	-	561
Total Assets	$ 135	$ 427	$ -	$ 562
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	135	426	-	561
Total Deferred Inflows of Resources	135	426	-	561
FUND BALANCES				
Restricted:				
Debt Service	-	1	-	1
Total Fund Balances	-	1	-	1
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 135	$ 427	$ -	
Amounts reported for governmental activities in the statement of net position are different because:				
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Developer Advances - Receivable				65,049
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.				
Bond Payable				(1,218,341)
Bond Payable - Accrued Interest				(136,863)
Net Position of Governmental Activities				$ (1,290,154)

See accompanying Notes to Basic Financial Statements.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES				
Current:				
Capital Outlay	-	-	309,014	309,014
Transfers to District No. 1	-	-	659,778	659,778
Total Expenditures	-	-	968,792	968,792
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(968,792)	(968,792)
OTHER FINANCING SOURCES (USES)				
Developer Advances	-	-	968,792	968,792
Total Other Financing Sources (Uses)	-	-	968,792	968,792
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	-	1	-	1
FUND BALANCES - END OF YEAR	$ -	$ 1	$ -	$ 1

See accompanying Notes to Basic Financial Statements.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balance - Total Governmental Funds	$ -
Amounts reported for governmental activities in the statement of activities are different because:	
Long-term debt (e.g., bonds, advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Developer Advances	(968,792)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Bond Interest Payable - Change in Liability	(82,712)
Change in Net Position of Governmental Activities	$ (1,051,504)

See accompanying Notes to Basic Financial Statements.

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Final and Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 77	$ -	$ (77)
Specific Ownership Taxes	5	-	(5)
Total Revenues	82	-	(82)
EXPENDITURES			
Current:			
County Treasurer's Fees	1	-	1
Transfers to District No. 1	81	-	81
Total Expenditures	82	-	82
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Second Creek Farm Metropolitan District No. 4 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on February 3, 2006 concurrently with the organization of Second Creek Farm Metropolitan District No. 3 (District No. 3). Second Creek Farm Metropolitan District No. 1 (District No. 1) and Second Creek Farm Metropolitan District No. 2 (District No. 2 and together with the District, District No. 1 and District No. 3, the Districts) were both formed December 5, 2002. The Districts are governed by the Colorado Special District Act and other applicable statutes governing political subdivisions. The District's service area is located entirely within the City of Commerce City, Colorado (the City). The Districts were organized to work cooperatively to provide design, acquisition, construction, installation, financing and operation of public improvements, including streets and safety controls, transportation, mosquito control, television relay, water, sanitary sewer, storm drainage, park and recreation improvements and facilities, and erosion control to their service area.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Expenditures for property, plant and equipment are shown as increases in assets and redemption of bonds and notes are recorded as reduction in liabilities.

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

The District reports the following major governmental funds:

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

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

Intergovernmental Revenue and Property Taxes

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:		
Cash and Investments - Restricted	$	1
Total Investments	$	1

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

Investments	$	1
Total Investments	$	1

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.

At December 31, 2022, the District did not have a cash deposit balance.

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:

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

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

Investment	Maturity	Amount
Colorado Surplus Asset Fund	Weighted-Average	
Trust (CSAFE)	60 Days	$ 1

CSAFE

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

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

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

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

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term debt for the period ending December 31, 2022:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Governmental Activities:					
General Obligation Bond Payable:					
Series 2021A Bonds	$ 1,218,341	$ -	$ -	$ 1,218,341	$ -
Series 2021A Bonds - Accrued Interest	54,151	82,712	-	136,863	-
Total Long-Term Obligations	$ 1,272,492	$ -	$ -	$ 1,355,204	$ -

Limited Tax General Obligation Draw Down Bonds, Series 2021A (the Bonds)

The District authorized the issuance of the Bonds on April 26, 2021, of up to the aggregate principal amount of $5,000,000. The Bonds were issued on a “drawdown” basis, so that advances of the purchase price of the Bonds will be made by the Bond Purchaser to the Trustee in multiple installments in accordance with the terms and provisions of the Indenture. As of December 31, 2022 Bonds in the par amount of $1,218,341 have been issued. Proceeds from the sale of the Bonds will be used to: (i) pay or reimburse Project Costs and (ii) pay costs incurred in connection with the issuance of the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 6.50% per annum and are payable annually on December 1, beginning December 1, 2021 from, and to the extent of, Pledged Revenue available, if any, and mature on December 1, 2051. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Bonds compounds annually on each December 1. All of the Bonds and interest thereon are to be deemed to be paid and discharged on December 2, 2061.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
June 1, 2026 to May 31, 2027	3.00%
June 1, 2027 to May 31, 2028	2.00
June 1, 2028 to May 31, 2029	1.00
June 1, 2029 and Thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Required Mill Levy, net of fees of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledge Revenue.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Required Mill Levy

Pursuant to the Indenture, the District has covenanted to impose a Required Mill Levy on all taxable property of the District each year in the amount of 35.000 mills (subject to adjustment for changes in the method of calculating assessed valuation that occur on or after September 19, 2005) or such lesser mill levy that is sufficient to pay all of the principal of, premium, if any, and interest on the Bonds in full in the year such levy is collected.

Events of Default

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

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

Bonded Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are draw down bonds that are payable only from available Pledged Revenue.

Debt Authorization

The District authorized the incurrence of debt at elections held in 2005 and 2014 (the Elections). At December 31, 2022, the District has authorized but unissued indebtedness in the following amount allocated for the following purposes:

	Debt Authorized November 1, 2005	Debt Authorized May 6, 2014	Authorization Used	Authorized But Unissued
Fire Protection	$ -	$ 70,000,000	$ -	$ 70,000,000
General Operations	2,000,000	70,000,000	-	72,000,000
Intergovernmental Agreements	70,000,000	70,000,000	-	140,000,000
Mosquito Control	70,000,000	70,000,000	-	140,000,000
Parks and Recreation	70,000,000	70,000,000	35,499	139,964,501
Public Transportation	70,000,000	70,000,000	-	140,000,000
Refunding	70,000,000	70,000,000	-	140,000,000
Security Services	-	70,000,000	-	70,000,000
Sewer	70,000,000	70,000,000	460,625	139,539,375
Street Improvements	70,000,000	70,000,000	405,451	139,594,549
Television Relay	70,000,000	70,000,000	-	140,000,000
Traffic and Safety	70,000,000	70,000,000	1,256	139,998,744
Water	70,000,000	70,000,000	315,510	139,684,490
Total	$ 702,000,000	$ 910,000,000	$ 1,218,341	$ 1,610,781,659

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

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

NOTE 5 RELATED PARTY

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

NOTE 6 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 7 AGREEMENTS

Facilities Funding, Construction, and Operations Agreement

On July 15, 2019, the District entered into an Amended and Restated Facilities Funding, Construction and Operations Agreement (FFCO) with District No. 1 (Service District) and District Nos. 2 and 3 (Consumer Districts), effective January 1, 2019, establishing certain obligations as to the financing, construction, operation and maintenance of improvements as contemplated in the Service Plans for the purpose of providing essential services within the Districts in a timely and coordinated fashion.

NOTE 7 AGREEMENTS (CONTINUED)

Facilities Funding, Construction, and Operations Agreement (Continued)

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

The FFCO provides that the Consumer Districts agree to pay the Service District revenue from the imposition of a mill levy against all property within their respective boundaries and specific ownership taxes. All revenue received from the Consumer Districts will be transferred on a monthly basis to the Service District. Amounts outstanding with the Prior Developer (as defined in the FFCO) from District Nos. 2, 3, and 4 were assigned and assumed by District No. 1 in furtherance of its role as the Service District under the FFCO.

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

Cost Sharing Intergovernmental Agreement

On August 8, 2022, the Districts entered into that certain Cost Sharing Intergovernmental Agreement, effective July 14, 2022 (Cost Sharing IGA). Thereunder, the Disricts identified the District Shared Improvements (as defined therein), the allocation of costs thereof among the Districts, and established the process by which the District Shared Improvements will be designed and constructed. The Cost Sharing IGA also established a process for reallocating and repaying costs related to the Initial Shared Improvements (as defined therein) that were paid for by certain of District Nos. 2/3 Bonds (as defined therein). Lastly, the Cost Sharing IGA established that generally, unless the Districts agree otherwise in writing, District No. 1 is to construct certain improvements and receive reimbursement from District Nos. 2-4 pursuant to the established cost allocation structure.

NOTE 7 AGREEMENTS (CONTINUED)

Joint Resolution Regarding Allocation and Acceptance of Project Costs

On August 8, 2022, the Districts approved that certain Joint Resolution Regarding Project Costs Pursuant to Amended and Restated Facilities Funding, Construction and Operations Agreement, Facilities Funding and Acquisition Agreement and Cost Sharing Intergovernmental Agreement (Project Cost Joint Resolution). Pursuant thereto, each of District Nos. 1, 2, 3 and 4 accepted, acknowledged, and otherwise authorized the allocation of certain costs by and among the Districts as set forth and established in the FFCOA, as amended, the Cost Sharing IGA, and other documents accepted, entered into, and or approved by the Districts, as described in the Project Cost Joint Resolution, including, without limitation, certain cost verification reports of certain licensed independent cost verification engineers.

NOTE 8 NET POSITION

The District has net position consisting of one component – unrestricted.

The District has a deficit in unrestricted net position. The deficit is a result of the District issuing bonds and being responsible for the repayment of bonds issued for such constructed public improvements.

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. TABOR reserve is not provided when the District's ending fund balance is a deficit.

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

At the Elections, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR and also authorized the District to increase property taxes by up to $2,000,000 annually.

SUPPLEMENTARY INFORMATION

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES	$ -	$ -	$ -
EXPENDITURES			
Capital Outlay	-	309,014	(309,014)
Transfers to District No. 1	-	659,778	(659,778)
Total Expenditures	-	968,792	(968,792)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(968,792)	(968,792)
OTHER FINANCING SOURCES (USES)			
Bond Issuance	4,815,500	-	(4,815,500)
Developer Advances	-	968,792	968,792
Repay Developer Advances	(4,815,500)	-	4,815,500
Total Other Financing Sources (Uses)	-	968,792	968,792
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Final and Original Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 242	$ -	$ (242)
Specific Ownership Taxes	17	-	(17)
Total Revenues	259	-	(259)
EXPENDITURES			
County Treasurer's Fee	4	-	4
Paying Agent Fees	4,000	-	4,000
Total Expenditures	4,004	-	4,004
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,745)	-	3,745
OTHER FINANCING SOURCES (USES)			
Developer Advances	3,745	-	(3,745)
Total Other Financing Sources (Uses)	3,745	-	(3,745)
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	1	1
FUND BALANCE - END OF YEAR	$ -	$ 1	$ 1

OTHER INFORMATION

SECOND CREEK FARM METROPOLITAN DISTRICT NO. 4
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied General	Mills Levied Debt Service	Total Property Taxes Levied	Total Property Taxes Collected	Percent Collected to Levied
2018	$ 8,770	0.000	0.000	$ -	$ -	-
2019	9,080	0.000	0.000	-	-	-
2020	21,150	0.000	0.000	-	-	-
2021	14,150	0.000	0.000	-	-	-
2022	6,910	11.132	35.000	319	-	-
Estimated for the Year Ending December 31, 2023	$ 12,060	11.229	35.306	$ 561		

NOTE:

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