

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
("DISTRICT")**

370 Interlocken Boulevard, Suite 500  
Broomfield, Colorado 80021  
Tel: 303-466-8822  
Fax: 303-466-9797  
<https://SkyRanch.colorado.gov>

NOTICE OF REGULAR MEETING AND AGENDA

**DATE:** June 14, 2024  
**TIME:** 8:30 a.m.  
**LOCATION:** Pure Cycle Corporation  
34501 E. Quincy Avenue  
Building 65, Suite A  
Watkins, CO 80137

AT LEAST ONE INDIVIDUAL, INCLUDING CERTAIN BOARD MEMBERS AND CONSULTANTS OF THE DISTRICT WILL BE PHYSICALLY PRESENT AND WILL ATTEND THIS MEETING IN PERSON AT THE ABOVE-REFERENCED LOCATION. HOWEVER, CERTAIN OTHER BOARD MEMBERS AND CONSULTANTS OF THE DISTRICT MAY ATTEND THIS MEETING VIA TELECONFERENCE, OR WEB-ENABLED VIDEO CONFERENCE. MEMBERS OF THE PUBLIC WHO WISH TO ATTEND THIS MEETING MAY CHOOSE TO ATTEND VIA TELECONFERENCE OR WEB-ENABLED VIDEO CONFERENCE USING THE INFORMATION BELOW.

**ACCESS:** You can attend the meeting in one of the following ways:

- 1. To attend via Microsoft Teams video-conference use the below link:

[https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_MmFkNWM1NDgtNmE5Ny00OTY0LTg2OWQtN2YwN2Y4NzhkYzA4%40thread.v2/0?context=%7b%22Tid%22%3a%224aa468e-93ba-4ee3-ab9f-6a247aa3ade0%22%2c%22Oid%22%3a%227e78628f-89cd-4e97-af6c-60df84b55ffe%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_MmFkNWM1NDgtNmE5Ny00OTY0LTg2OWQtN2YwN2Y4NzhkYzA4%40thread.v2/0?context=%7b%22Tid%22%3a%224aa468e-93ba-4ee3-ab9f-6a247aa3ade0%22%2c%22Oid%22%3a%227e78628f-89cd-4e97-af6c-60df84b55ffe%22%7d)

- 2. To attend via telephone, dial **720-547-5281** and enter the following additional information:

Phone Conference ID: **254 843 648#**

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expires</u>
Mark Harding	President	May 2027
Marc Spezialy	Treasurer	May 2027
Dirk Lashnits	Secretary	May 2025
Joe Knopinski	Assistant Secretary	May 2025
Adam Haskin	Assistant Secretary	May 2027

## **I. ADMINISTRATIVE MATTERS**

- A. Present Disclosures of Potential Conflicts of Interest.
- B. Confirm quorum, location of the meeting, posting of meeting notices, and designate 24-hour posting location. Approve Agenda.

## **II. CONSENT AGENDA**

- A. Approval of the Minutes from the November 10, 2023 Regular Meeting (enclosure).
- B. Ratify approval of the Minutes from the November 10, 2023 Statutory Annual Meeting (enclosure).

## **III. PUBLIC COMMENT**

- A. Public Comment.

Members of the public may express their views to the Board on matters that affect the District that are otherwise not on the agenda. Comments will be limited to three (3) minutes per person.

## **IV. FINANCIAL MATTERS**

- A. Review and consider approval of draft 2023 Audit, authorize execution of Representations Letter, and authorize filing of final Audit (enclosure).

## **V. LEGAL MATTERS**

- A. Report on 2024 Legislation that may impact the District.
- B. Discuss District website accessibility matters and authorize necessary actions in connection therewith.

## **VI. OTHER BUSINESS**

## **VII. ADJOURNMENT**

**THE NEXT MEETING IS SCHEDULED FOR NOVEMBER 8, 2024**

## RECORD OF PROCEEDINGS

---

### MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SKY RANCH METROPOLITAN DISTRICT NO. 1 HELD NOVEMBER 10, 2023

---

A regular meeting of the Board of Directors (referred to hereafter as the “**Board**”) of the Sky Ranch Metropolitan District No. 1 convened on November 10, 2023, at 8:30 a.m. at Pure Cycle Corporation, 34501 E. Quincy Ave., Bldg. 65, Suite A, Watkins, CO 80137. This Board meeting was also held virtually via Microsoft Teams video/teleconference. The meeting was open to the public.

**Directors in Attendance Were:**

Mark Harding, President  
Joe Knopinski, Assistant Secretary  
Adam Haskin, Assistant Secretary  
Dirk Lashnits, Secretary

**Also in Attendance Were:**

Lisa Johnson, Celeste Terrell, Alexander Clem, Cathee Sutton and Thuy Dam;  
CliftonLarsonAllen LLP (“**CLA**”)  
Suzanne Meintzer, Esq.; McGeady Becher P.C.  
Stan Fowler; Independent District Engineering Services, LLC (“**IDES**”)  
Cyrena Finnegan, Deb Saya, and Marc Spezialy; Pure Cycle Corporation  
Scott Lehman; Member of the Board of Directors of the Sky Ranch Community Authority Board and Sky Ranch District Nos. 3 and 5

**ADMINISTRATIVE  
MATTERS**

The meeting was called to order.

**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. Attorney Meintzer noted that Disclosure Statements were filed for Directors Harding, Knopinski, and Lashnits. Attorney Meintzer requested members of the Board to disclose any potential conflicts of interest regarding any matters scheduled for discussion at this meeting and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. No additional conflicts were disclosed at the meeting.

**Quorum, Location of Meeting, Posting of Meeting Notice and Agenda:** The Board confirmed the presence of a quorum.

The Board reviewed the proposed agenda. Following discussion, upon a motion duly made by Director Lashnits, seconded by Director Knopinski and, upon vote unanimously carried, the Board approved the agenda.

The Board discussed the requirements of Section 32-1-903(1), C.R.S., concerning the location of the Board meeting. The Board determined that certain Board members and consultants would attend this meeting in person at the above-referenced location. However, certain other Board members and consultants would attend this meeting via video conference or teleconference. The Board further noted that the notice of the time,

## RECORD OF PROCEEDINGS

date, location, and video conference/teleconference information for the meeting was duly posted.

**Board Resignation:** The Board acknowledged the resignation of Kevin McNeill from the Board of Directors, effective July 20, 2023.

**Board Appointment:** The Board discussed the vacancy on the Board. It was noted that pursuant to Section 32-1-808(2)(a)(I), C.R.S., publication of a Notice of Vacancy on the Board was published in a newspaper having general circulation in the District and that no Letters of Interest from qualified eligible electors were received within ten (10) days of the date of such publication.

As such, eligible elector, Marc Spezialy, was nominated to serve on the Board. Following discussion, upon motion duly made by Director Harding, seconded by Director Lashnits and, upon vote unanimously carried, the Board appointed Marc Spezialy to fill the vacancy on the Board.

**Appointment of Officers:** Upon a motion duly made by Director Knopinski, seconded by Director Lashnits and, upon vote, unanimously carried, the Board appointed the following slate of officers.

<u>OFFICE</u>	<u>DIRECTOR</u>
President	<u>Mark Harding</u>
Treasurer	<u>Marc Spezialy</u>
Secretary	<u>Dirk Lashnits</u>
Assistant Secretary	<u>Joe Knopinski</u>
Assistant Secretary	<u>Adam Haskin</u>

**Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices:** The Board discussed the business to be conducted in 2024. Following discussion, upon motion duly made by Director Harding, seconded by Director Knopinski and, upon vote unanimously carried, the Board adopted Resolution No. 2023-11-01 Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices and determined to hold 2024 meetings on June 14<sup>th</sup> and November 8<sup>th</sup> at 8:30 a.m. at the office of Pure Cycle Corporation, 34501 E. Quincy Ave., Bldg. 65, Suite A, Watkins, CO 80137, and via video/teleconference.

**Section 32-1-809, C.R.S. Requirements (Transparency Notice):** The Board discussed the special district transparency requirements of Section 32-1-809, C.R.S. Following discussion, the Board directed CLA to post the special district transparency notice on the Special District Association website and the District website.

**Section 32-1-306, C.R.S. Requirements (Annual Map Filing):** The Board discussed the special district map filing requirements of Section 32-1-306, C.R.S. Following discussion, the Board directed CLA to prepare and file the annual map filing.

## RECORD OF PROCEEDINGS

**2024 Insurance Renewal:** Upon a motion duly made by Director Harding, seconded by Director Lashnits and, upon vote, the Board approved 2024 insurance renewals as presented and discussed below.

**Worker’s Compensation Insurance Coverage for Uncompensated Members of the Board of Directors:** Upon a motion duly made by Director Harding, seconded by Director Lashnits and, upon vote majority carried, the Board voted to bind worker’s compensation coverage. Director Knopinski voted against binding worker’s compensation coverage.

**Cyber Security and Increased Crime Coverage:** Following discussion, the Board determined not to increase cyber security or crime coverage, given that the Sky Ranch Community Authority Board obtained such coverage.

**Insurance Committee to Make Final Determinations Regarding Insurance:**  
Not needed.

**Director Compensation for 2024:** The Board discussed compensation. Following discussion, the Board determined to continue to waive compensation.

**CONSENT AGENDA** The Board considered the following item under the Consent Agenda:

- Approval of the Minutes from the June 9, 2023 Regular Meeting.

Upon a motion duly made by Director Knopinski, seconded by Director Harding and, upon vote unanimously carried, the Board approved the Consent Agenda.

**PUBLIC COMMENT** None.

### **FINANCIAL MATTERS**

**Public Hearing on Amendment to 2023 Budget:** The Board opened the public hearing to consider amendment of the 2023 Budget.

It was noted that Notice stating that the Board would consider amendment of the 2023 budget and the date, time and place of the public hearing was published pursuant to statute. No written objections were received prior to the public hearing.

No public comments were received, and the public hearing was closed.

It was noted that an amendment to the 2023 Budget was not required.

**Public Hearing on 2024 Budget:** The Board opened the public hearing to consider the proposed 2024 Budget.

It was noted that Notice stating that the Board would consider the adoption of the 2024 budget and the date, time and place of the public hearing was published pursuant to statute. No written objections were received prior to the public hearing.

## RECORD OF PROCEEDINGS

---

No public comments were received, and the public hearing was closed.

The Board reviewed the estimated 2023 expenditures and the proposed 2024 expenditures.

Upon motion duly made by Director Knopinski, seconded by Director Harding, and upon vote unanimously carried, the Board approved the 2024 Budget, as discussed, and considered adoption of Resolution No. 2023-11-02 to Adopt the 2024 Budget and Appropriate Sums of Money and Resolution No. 2023-11-03 to Set Mill Levies (13.086 mills in the General Fund and 65.432 mills in the Debt Service Fund, for a total mill levy of 78.518 mills) (the “**Resolutions**”).

Following discussion, upon vote unanimously carried, the Board adopted the Resolutions and authorized execution of the Certification of Budget. The District Accountant was directed to transmit the Certification of Tax Levies to the Board of County Commissioners of Arapahoe County, subject to receipt of final assessed valuation from the County. CLA was directed to transmit the Certification of Budget to the Division of Local Government no later than January 31, 2024.

**Resolution Authorizing Adjustment of District Mill Levy in Accordance with the Service Plan:** Attorney Meintzer presented Resolution No. 2023-11-04 Authorizing Adjustment of District Mill Levy in Accordance with the Service Plan to the Board. Following review, upon a motion duly made by Director Knopinski, seconded by Director Harding and, upon vote unanimously carried, the Board adopted Resolution No. 2023-11-04 Authorizing Adjustment of District Mill Levy in Accordance with the Service Plan.

**2023 Audit Preparation:** Upon a motion duly made by Director Harding, seconded by Director Lashnits and, upon vote unanimously carried, the Board approved the engagement of Haynie & Co. to prepare the 2023 Audit.

**CliftonLarsonAllen LLP Master Services Agreement (“MSA”) and Statement(s) of Work for 2024 Accounting, Management, Community Management, and Billing Services:** Ms. Johnson presented the MSA and Statement(s) of Work for 2024 Accounting, Management, Community Management, and Billing Services to the Board. Following discussion, upon a motion duly made by Director Harding, seconded by Director Lashnits and, upon vote majority carried, the Board approved the MSA and Statement(s) of Work for 2024 Accounting, Management, Community Management, and Billing Services, subject to final legal review and authorized the President to execute the agreement once complete. Director Knopinski voted against these two items.

**DLG-70 Mill Levy Certification Form:** Following discussion, upon a motion duly made by Director Knopinski, seconded by Director Lashnits and, upon vote unanimously carried, the Board authorized the District accountant to prepare the DLG-70 Certification of Tax Levies form for certification to the Board of County Commissioners and other interested parties.

**2025 Budget Preparation:** Upon a motion duly made by Director Knopinski, seconded

## RECORD OF PROCEEDINGS

---

by Director Lashnits and, upon vote unanimously carried, the Board appointed the District Accountant to prepare the 2025 Budget.

### LEGAL MATTERS

**Resolution Amending Policy on Colorado Open Records Act Requests:** Following discussion, upon a motion duly made by Director Harding, seconded by Director Knopinski and, upon vote unanimously carried, the Board adopted Resolution No. 2023-11-05 Amending Policy on Colorado Open Records Act Requests.

### OTHER BUSINESS

**Next Meeting Date:** June 14, 2024.

### ADJOURNMENT

There being no further business to come before the Board at this time, the Board adjourned the meeting.

Respectfully submitted,

By: \_\_\_\_\_  
Secretary for the Meeting

## RECORD OF PROCEEDINGS

---

MINUTES OF THE JOINT STATUTORY ANNUAL MEETING OF  
THE BOARD OF DIRECTORS OF THE  
SKY RANCH COMMUNITY AUTHORITY BOARD (the “CAB”)  
AND SKY RANCH METROPOLITAN DISTRICT NOS. 1 & 3 (the  
“DISTRICTS”)  
HELD  
NOVEMBER 10, 2023

Pursuant to Section 32-1-903(6), C.R.S., a statutory annual meeting of the Boards of Directors of the Sky Ranch Community Authority Board and Sky Ranch Metropolitan District Nos. 1 & 3 (referred to hereafter as the “Boards”) were convened on Friday, November 10, 2023, at 8:00 a.m., at Pure Cycle Corporation, 34501 E. Quincy Avenue, Building 65, Suite A, Watkins, CO 80137, and via video / telephone conference. The meeting was open to the public.

### ATTENDANCE

#### Directors In Attendance Were:

##### Sky Ranch Community Authority Board

Mark Harding, President  
Paul Joseph Knopinski, Vice President  
Scott E. Lehman, Secretary  
Dirk Lashnits, Assistant Secretary

##### Sky Ranch Metropolitan District No. 1

Mark Harding, President  
Dirk Lashnits, Secretary  
Paul Joseph Knopinski, Assistant Secretary  
Adam Haskin, Assistant Secretary

##### Sky Ranch Metropolitan District No. 3

Mark Harding, President  
Scott E. Lehman, Secretary  
Dirk Lashnits, Assistant Secretary  
Paul Joseph Knopinski, Assistant Secretary

#### Also, In Attendance Were:

Lisa Johnson, Celeste Terrell, Alexander Clem, Cathee Sutton, and Thuy Dam;  
CliftonLarsonAllen LLP (“CLA”)  
Suzanne Meintzer, Esq.; McGeady Becher P.C.  
Stan Fowler; Independent District Engineering Services, LLC (“IDES”)  
Cyrena Finnegan, Deb Saya, and Marc Spezialy; Pure Cycle Corporation

## RECORD OF PROCEEDINGS

---

### ANNUAL MEETING ITEMS

Confirmation of Posting of Annual Meeting Notice and Agenda: It was noted for the record that notice of the time, date and location of the annual meeting was duly posted on the CAB/Districts' website.

No members of the public were in attendance. The Boards discussed options for notifying residents of the annual meeting in the future.

Presentation Regarding Sky Ranch Community Authority Board Structure: Attorney Meintzer presented the structure of the CAB, the Second Amended and Restated Community Authority Board Establishment Agreement ("CABEA") and the funding and flow of funds to Operation and Maintenance, Debt, and Regional Improvements Mill Levy accounts.

Presentation Regarding the Status of the Public Infrastructure Projects Within the Districts: Mr. Fowler presented information regarding the status of public infrastructure projects within the community.

Presentation Regarding Outstanding Bonds: The District's Accountant presented the CAB's outstanding bonds, including the pledge of Sky Ranch Metropolitan District No. 1 Relative to CAB's 2019 Bonds and the pledge of Sky Ranch Metropolitan District No. 3 Relative to CAB's 2022 Bonds.

Unaudited Financial Statements, Including Year-to-Date Revenue and Expenditures, in Relation to Adopted Budgets, for the Calendar Year: The District Accountants presented the CAB and Districts' Unaudited Financial Statements, including year-to-date revenue and expenditures of the CAB and Districts in relation to the CAB/Districts' adopted budgets, for the calendar year.

Public Questions: There were no public questions.

### ADJOURNMENT

There being no further business to come before the Boards at this time, the annual meeting was adjourned.

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the CAB

## RECORD OF PROCEEDINGS

---

By \_\_\_\_\_  
Secretary for Sky Ranch MD 1

By \_\_\_\_\_  
Secretary for Sky Ranch MD 3

**SKY RANCH METROPOLITAN  
DISTRICT NO. 1  
Arapahoe County, Colorado**

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

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2023**

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>I</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>5</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>6</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>15</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>17</b>
<b>SCHEDULE OF VALUATIONS OF PROPERTY CLASS</b>	<b>18</b>

**INSERT INDEPENDENT AUDITOR'S REPORT**

## **BASIC FINANCIAL STATEMENTS**

**SKY RANCH METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Governmental Activities
<b>ASSETS</b>	
Receivable - County Treasurer	\$ 4,082
Property Taxes Receivable	1,401,433
Total Assets	1,405,515
<b>LIABILITIES</b>	
Due to Sky Ranch CAB	4,082
Total Liabilities	4,082
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	1,401,433
Total Deferred Inflows of Resources	1,401,433
<b>NET POSITION</b>	
Total Net Position	\$ -

See accompanying Notes to Basic Financial Statements.

**SKY RANCH METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 170,034	\$ -	\$ -	\$ -	\$ (170,034)
Interest and Related Costs on Long-Term Debt	850,171	-	-	-	(850,171)
Total Governmental Activities	\$ 1,020,205	\$ -	\$ -	\$ -	(1,020,205)
<b>GENERAL REVENUES</b>					
Property Taxes					956,996
Specific Ownership Taxes					63,035
Interest Income					174
Total General Revenues					1,020,205
<b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year					-
<b>NET POSITION - END OF YEAR</b>					
					\$ -

See accompanying Notes to Basic Financial Statements.

(2)

DRAFT, NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Receivable - County Treasurer	\$ 680	\$ 3,402	\$ 4,082
Property Taxes Receivable	233,566	1,167,867	1,401,433
Total Assets	\$ 234,246	\$ 1,171,269	\$ 1,405,515
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Sky Ranch CAB	\$ 680	\$ 3,402	\$ 4,082
Total Liabilities	680	3,402	4,082
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	233,566	1,167,867	1,401,433
Total Deferred Inflows of Resources	233,566	1,167,867	1,401,433
<b>FUND BALANCES</b>			
Total Fund Balances	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 234,246	\$ 1,171,269	\$ 1,405,515

Amounts reported for governmental activities in the Statement of Net Position are the same as above.

See accompanying Notes to Basic Financial Statements.

(3)

DRAFT, NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

**SKY RANCH METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 159,499	\$ 797,497	\$ 956,996
Specific Ownership Taxes	10,506	52,529	63,035
Interest Income	29	145	174
Total Revenues	<u>170,034</u>	<u>850,171</u>	<u>1,020,205</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,392	11,964	14,356
Transfer to Sky Ranch CAB	167,642	838,207	1,005,849
Total Expenditures	<u>170,034</u>	<u>850,171</u>	<u>1,020,205</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Amounts reported for governmental activities in the Statement of Activities are the same as above.

See accompanying Notes to Basic Financial Statements.

(4)

DRAFT, NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 160,333	\$ 159,499	\$ (834)
Specific Ownership Taxes	9,620	10,506	886
Interest Income	-	29	29
Other Revenue	5,000	-	(5,000)
Total Revenues	<u>174,953</u>	<u>170,034</u>	<u>(4,919)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,405	2,392	13
Transfer to Sky Ranch CAB	167,548	167,642	(94)
Contingency	5,000	-	5,000
Total Expenditures	<u>174,953</u>	<u>170,034</u>	<u>4,919</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

(5)

DRAFT, NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

**SKY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Sky Ranch Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the Arapahoe County (County) District Court issued on February 23, 2005 and recorded in the County records on March 15, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within Arapahoe County, Colorado.

The District was established to provide for the design, acquisition, construction, financing, installation, and maintenance of public improvements and services, including streets, park and recreation, water, sanitary sewer, public transportation, mosquito control, traffic and safety controls, and television relay and translation. Under its Modified Service Plan, approved by the County on September 14, 2005 (the Service Plan), the District was organized in conjunction with three other related Districts: Sky Ranch Metropolitan District Nos. 3 through 5 (the Districts). The District entered into a Community Authority Board Establishment Agreement with District No. 5 on November 3, 2017 and an Amended and Restated Sky Ranch Community Authority Establishment agreement on September 18, 2018 (effective November 13, 2017). The District entered into Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement (the CABEA) with District Nos. 3 and 5 on August 13, 2021 which establishes the Sky Ranch Community Authority Board (the CAB). The CAB will own, operate and maintain certain public improvements within the boundaries of the Districts that are parties to the CABEA.

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.

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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.

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 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 and specific ownership 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 is due.

**SKY RANCH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The District reports the following major governmental funds:

The General Fund is the District's 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 transferred to the CAB for the payment of principal, interest, and other related costs on long-term debt issued by the CAB for the benefit of the District.

**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 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.

**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, 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 recorded initially as deferred inflows 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.

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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.

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS**

**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, 2023, the District had no cash deposits.

**Investments**

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

The District will generally limit its concentration of investments to those 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

As of December 31, 2023, the District had no investments.

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 AUTHORIZED DEBT**

At an election held on November 6, 2018, the District's eligible electors authorized the District to impose ad valorem property taxes on an annual basis not to exceed \$162,000,000, and to enter into intergovernmental agreements to share such revenue to fund public improvements. Pursuant to this electoral authority, on November 1, 2019, the District entered into a Capital Pledge Agreement with the CAB (discussed below) and committed to impose a mill levy annually that does not exceed the Service Plan limits for a debt mill levy, to repay Bonds to be issued by the CAB in a principal amount that does not exceed \$162,000,000 (the Pledge Obligation).

The District's voters also authorized the issuance of up to \$1,782,000,000 in General obligation debt for public improvements, however the District's Service Plan debt limit of \$162,000,000 constrains the total amount of debt the District can issue.

Under the Capital Pledge Agreement with the CAB, the District agreed to pledge certain revenues to the CAB pursuant to the intergovernmental agreement provisions of Sections 29-1-203 and -203.5, C.R.S., as described in the Capital Pledge Agreement. The District does not have any remaining capacity to pledge because it has pledged to the CAB its full authorization in the form of the Pledge Obligation, which is the same amount as the Service Plan debt limitation.

The Pledge Obligation may be used by the CAB to repay bonds the CAB has issued or will issue, including without limitation, the CAB's \$11,435,000 Limited Tax Supported District No. 1 Senior Bonds (Tax-Exempt Fixed Rate), Series 2019A (the CAB Series 2019A Bonds) and its \$1,760,000 Limited Tax Supported District No. 1 Subordinate Bonds (Tax-Exempt Fixed Rate), Series 2019B (the CAB Series 2019B Bonds, and together with the CAB Series 2019A Bonds, the CAB 2019 Bonds), and future bond issuances by the CAB.

**NOTE 5 AGREEMENTS**

**Sky Ranch Community Authority Board Establishment Agreement (CABEA)**

On November 6, 2012, the District's qualified electors voted in favor of the District entering into the CABEA pursuant to which the District and Sky Ranch Metropolitan District No. 5 established the CAB. The CABEA, effective November 13, 2017, was amended and restated on September 18, 2018, pursuant to the Amended and Restated Sky Ranch Community Authority Board Establishment Agreement. On August 13, 2021, the District entered into Second Amended and Restated Sky Ranch Community Authority Board Establishment Agreement with Sky Ranch Metropolitan District Nos. 3 and 5 (collectively, the "CAB Districts").

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 AGREEMENTS (CONTINUED)**

**Sky Ranch Community Authority Board Establishment Agreement (CABEA)  
(Continued)**

Pursuant to the CABEA, the CAB will furnish, operate, and plan for the Public Improvements and each District of the CAB Districts shall transfer certain revenues received by it in order to fund the operation and maintenance costs and capital costs of the Public Improvements. Each of the CAB Districts has agreed, and their Service Plans authorize, that the CAB will own, operate, maintain, finance, and construct Public Improvements benefiting the CAB Districts, and that the Districts will contribute to the costs of construction, operation and maintenance of such Public Improvements. It is the intent of the CAB Districts that the CAB may, from time to time, issue debt and use proceeds to finance the Public Improvements and that the CAB will enter into contracts to construct the Public Improvements.

**Capital Pledge Agreement**

The District entered into a Capital Pledge Agreement with the CAB, dated November 1, 2019, under which the District agrees to impose ad valorem property taxes upon all taxable property of the District, and to transfer the revenues generated from such mill levy imposition, along with the specific ownership taxes attributable to such mill levy, to the CAB for payment of principal and interest on bonds the CAB has issued or will issue, including without limitation, the CAB 2019 Bonds, as well as future bond issuances by the CAB.

**NOTE 6 RELATED PARTIES**

The Developer of the property within the District is Pure Cycle Corporation (Pure Cycle), and the title of the property is held under PCY Holdings LLC (the Property Owner), which is a wholly owned subsidiary of Pure Cycle. The Developer has advanced funds to the CAB. Certain members of the Board of Directors of the CAB and the Districts hold direct or indirect ownership interests in Pure Cycle or the Property Owner or are otherwise associated with Pure Cycle or the Property Owner and may have conflicts of interest in dealing with the CAB and the District. As and when required by law, each affected Board member files a written disclosure of any potential conflicts of interest with the District and the Colorado Secretary of State, and they refrain from voting on affected matters unless allowed by law.

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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.

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. As of December 31, 2023, the District has not provided for an emergency reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR, because net tax revenue is transferred to the CAB, which provided for the required reserve amount.

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.

**SUPPLEMENTARY INFORMATION**

**SKY RANCH METROPOLITAN DISTRICT NO. 1**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 801,664	\$ 797,497	\$ (4,167)
Specific Ownership Taxes	48,100	52,529	4,429
Interest Income	-	145	145
Other Revenue	10,000	-	(10,000)
Total Revenues	<u>859,764</u>	<u>850,171</u>	<u>(9,593)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	12,025	11,964	61
Transfer to Sky Ranch CAB	837,739	838,207	(468)
Contingency	10,000	-	10,000
Total Expenditures	<u>859,764</u>	<u>850,171</u>	<u>9,593</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OTHER INFORMATION**

**SKY RANCH METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2019	\$ 7,087	65.277	-	\$ 463	\$ 440	95.03%
2020	3,865,479	11.132	55.664	258,199	258,201	100.00
2021	5,737,160	11.132	55.664	383,219	383,219	100.00
2022	12,979,122	11.132	55.664	866,953	867,856	100.10
2023	14,162,424	11.321	56.605	961,997	956,996	99.48
Estimated for the Year Ending December 31, 2024	\$ 17,848,560	13.086	65.432	\$ 1,401,433		

**SKY RANCH METROPOLITAN DISTRICT NO. 1  
SCHEDULE OF VALUATIONS OF PROPERTY CLASS  
DECEMBER 31, 2023**

<u>Property Class</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Residential - Single Family	\$ 17,365,368	97.30%
Vacant Land	29,435	0.16%
State Assessed	4,050	0.02%
Personal Property	449,707	2.52%
Total	<u>\$ 17,848,560</u>	<u>100.00%</u>