

SWEETGRASS METROPOLITAN DISTRICT NOS. 1-3
2025 CONSOLIDATED ANNUAL REPORT

Pursuant to §32-1-207(3)(c) and Section VI of the 2021 Amended and Restated Consolidated Service Plan for Sweetgrass Metropolitan District Nos. 1-3 (collectively the “**Districts**”), the Districts are required to provide an annual report to the City of Dacono with regard to the following matters:

For the year ending December 31, 2025, the Districts make the following report:

§32-1-207(3) Statutory Requirements

1. Boundary changes made.

No boundary changes in 2025.

2. Intergovernmental Agreements entered into or terminated.

The Districts did not enter into or terminate any Intergovernmental Agreements in 2025.

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

The Districts have not yet adopted any rules and regulations.

4. A summary of litigation involving public improvements owned by the Districts.

To our actual knowledge, based on review of the court records in Weld County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ public improvements as of December 31, 2025.

5. Status of the construction of public improvements by the Districts.

The construction of public improvements was previously completed in District No. 2 and is ongoing within District No. 1. Annual infrastructure expenditures are driven by local housing market conditions and its effect on demand for public infrastructure. Filing No. 5 Phase A area public infrastructure construction is complete and is currently under warranty. Filing No. 5 Phase B area public infrastructure is anticipated to begin late 2026. Filing 6 and future Filings will occur based on the housing market conditions.

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

None.

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

Weld County indicated assessed valuations as follows:

District No. 1: \$4,467,818 (Net)

District No. 2: \$13,996,600 (Net)

District No. 3: \$2,311,714 (Net)

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

Copies of the 2026 Budgets are attached hereto as **Exhibit A**.

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

The 2025 Audits are not available at this time. The 2024 Audit for District Nos. 1 and 2, and the 2024 Audit Exemption Application for District No. 3 are attached hereto as **Exhibit B**.

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

To our actual knowledge, there were no events of default in the reporting year.

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

None.

Service Plan Requirements

12. Any alteration or revision of the proposed schedule of Debt issuance set forth in the Financing Plan.

None.

EXHIBIT A
2026 Budgets

RESOLUTION
ADOPTING BUDGET, AND APPROPRIATING SUMS OF MONEY
AND CERTIFYING MILL LEVIES FOR THE CALENDAR YEAR 2026

*

The Board of Directors of Sweetgrass Metropolitan District No. 1 (the “**Board**”), City of Dacono, Weld County, Colorado (the “**District**”), held a regular meeting, via teleconference on October 23, 2025, at the hour of 1:00 p.m.

Prior to the meeting, each of the directors was notified of the date, time, and place of the budget meeting and the purpose for which it was called, and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2026 BUDGET



AFFIDAVIT

Invoice #: 340961508
Account #: A30032496
Invoice Date: 10/13/2025

BILL TO:

White Bear Ankele Tanaka & Waldron
Alecia K. Roberts
2154 EAST COMMONS AVENUE, SUITE 2000
CENTENNIAL CO 80122

ADVERTISER:

PUBLICATION: Denver Daily Journal - Legal

STATE OF COLORADO
COUNTY OF DENVER

I, Cynthia Serrano, OF THE COUNTY OF MERCER, STATE OF NEW JERSEY, HAVING DULY BEEN SWORN, DEPOSES AND SAYS:

I AM NOW AND AT ALL TIMES HEREINAFTER MENTIONED A CITIZEN OF THE UNITED STATES OF AMERICA, OVER TWENTY-ONE YEARS OF AGE, AND COMPETENT TO BE A WITNESS ON THE HEARING OF THE MATTERS MENTIONED IN THE ANNEXED PRINTED COPY NOTICE HEREINAFTER SET FORTH; I HAVE NO INTEREST WHATSOEVER IN ANY OF THE SAID MATTERS; I AM NOW AND DURING ALL TIMES EMBRACED IN THE PUBLICATION HERIN MENTIONED AS THE CHIEF CLERK OF THE NEWSPAPER, A NEWSPAPER OF GENERAL CIRCULATION PRINTED AND PUBLISHED IN SAID COUNTY; AS CLERK DURING ALL TIMES MENTIONED IN THE AFFIDAVIT I HAVE HAD AND STILL HAVE CHARGE OF ALL ADVERTISEMENT AND NOTICES PUBLISHED IN SAID NEWSPAPER; THAT SAID LEGAL NOTICE OF WHICH THE ANNEXED IS A TRUE PRODUCTION COPY OF THE PRINTED PAGE IN WHICH THE ADVERTISEMENT WAS PUBLISHED IN THE ABOVE NAMED NEWSPAPER ON THE FOLLOWING DAYS TO WIT:

10/13/2025

Ad Caption: NOTICE OF PUBLIC HEARING ON THE PROPOSED 2026 BUDGET AND NOTICE OF PUBLIC HEARING ON THE AMENDED 2025 BUDGET; THE VILLAS AT EASTLAKE RESERVOIR METROPOLITAN DISTRICT

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

SIGNED,

CLERK

WHEREAS, the Board has appointed its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was available for inspection by the public at a designated place, a public hearing was held and interested electors of the District were provided a public comment period and given the opportunity to file any objections to the proposed budget prior to the final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2026. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy of Property Taxes. The Board does hereby certify the levy of property taxes for collection in 2026 as more specifically set out in the budget attached hereto.

Section 3. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut, or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 4. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant, or other designee to certify to the Board of County Commissioners of Weld County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 5. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated from the revenue of each fund for the purposes stated.

Section 6. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager, or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 7. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED OCTOBER 23, 2025.

DISTRICT:

SWEETGRASS METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado

By: Jon R Lee
Jon R Lee (Dec 4, 2025 11:47:28 MST)

Officer of the District

ATTEST:

By: Janice Butler

STATE OF COLORADO
COUNTY OF WELD
SWEETGRASS METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held via teleconference on Thursday, October 23, 2025, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 23rd day of October, 2025.

Janice Butler

Signature

[Signature page to Resolution Adopting Budget, and Appropriating Sums of Money and Certifying Mill Levies for the Calendar Year 2026]

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

SWEETGRASS METROPOLITAN DISTRICT NO. 1

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 150,416	\$ (44,546)	\$ 150,382
REVENUES			
Property taxes	93,287	225,484	281,597
Specific ownership taxes	3,380	9,900	11,264
Transportation Impact Fees	68,082	-	-
Transfers from Sweetgrass MD No. 3	12,500	12,500	12,500
Interest Income	2,750	3,400	5,000
Developer advance	-	85,000	-
Other Revenue	3,192	-	-
Bond issuance proceeds	5,498,126	2,780,000	3,000,000
Total revenues	<u>5,681,317</u>	<u>3,116,284</u>	<u>3,310,361</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>42,226</u>
Total funds available	<u>5,831,733</u>	<u>3,071,738</u>	<u>3,502,969</u>
EXPENDITURES			
General Fund	5,876,279	2,921,356	120,000
Debt Service Fund	-	-	139,168
Capital Projects Fund	-	-	3,040,000
Total expenditures	<u>5,876,279</u>	<u>2,921,356</u>	<u>3,299,168</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>42,226</u>
Total expenditures and transfers out requiring appropriation	<u>5,876,279</u>	<u>2,921,356</u>	<u>3,341,394</u>
ENDING FUND BALANCES	<u>\$ (44,546)</u>	<u>\$ 150,382</u>	<u>\$ 161,575</u>
EMERGENCY RESERVE AVAILABLE FOR OPERATIONS	\$ 170,500 (215,046)	\$ 7,600 142,782	\$ 5,200 155,015
TOTAL RESERVE	<u>\$ (44,546)</u>	<u>\$ 150,382</u>	<u>\$ 160,215</u>

See summary of significant assumptions.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/10/25

ACTUAL	ESTIMATED	BUDGET
2024	2025	2026

ASSESSED VALUATION

Residential	\$ 904,160	\$ 3,289,330	\$ 4,179,030
Commercial	-	1,360	-
Oil & Gas Production	4,380	4,410	4,560
Agricultural	9,380	9,570	8,790
State assessed	3,990	74,120	103,340
Vacant land	457,710	90,580	173,430
Personal property	59,370	-	-
	1,438,990	3,469,370	4,469,150
Adjustments	(1,140)	(1,248)	(1,332)
Certified Assessed Value	\$ 1,437,850	\$ 3,468,122	\$ 4,467,818

MILL LEVY

General	64.879	43.251	33.909
Debt Service	0.000	21.765	29.119
Total mill levy	64.879	65.016	63.028

PROPERTY TAXES

General	\$ 93,286	\$ 150,000	\$ 151,499
Debt Service	-	75,484	130,098
Levied property taxes	93,286	225,484	281,597
Adjustments to actual/rounding	1	-	-
Budgeted property taxes	\$ 93,287	\$ 225,484	\$ 281,597

BUDGETED PROPERTY TAXES

General	\$ 93,287	\$ 150,000	\$ 151,499
Debt Service	-	75,484	130,098
	\$ 93,287	\$ 225,484	\$ 281,597

See summary of significant assumptions.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 150,416	\$ (44,546)	\$ 150,382
REVENUES			
Property taxes	93,287	225,484	151,499
Specific ownership taxes	3,380	9,900	6,060
Interest Income	2,750	3,400	2,000
Developer advance	-	85,000	-
Transportation Impact Fees	68,082	-	-
Other Revenue	3,192	-	-
Bond issuance proceeds	5,498,126	2,780,000	-
Transfers from Sweetgrass MD No. 3	12,500	12,500	12,500
Total revenues	<u>5,681,317</u>	<u>3,116,284</u>	<u>172,059</u>
TRANSFERS IN			
Total funds available	<u>5,831,733</u>	<u>3,071,738</u>	<u>322,441</u>
EXPENDITURES			
General and administrative			
Accounting	45,111	35,000	37,000
Auditing	-	7,314	15,050
County Treasurer's Fee	1,447	3,383	2,272
Directors' fees	60	60	60
Dues and Membership	586	989	1,250
Insurance	5,839	5,092	7,500
District management	-	5,000	10,000
Legal	22,760	35,000	36,000
Miscellaneous	455	1,000	5,000
Election	-	3,898	-
Contingency	-	-	4,868
Website	851	1,000	1,000
Debt Service			
Paying agent fees	-	7,500	-
Bond issue costs	193,500	1,250	-
Bond interest	874,096	69,870	-
Bond principal	4,624,030	-	-
Capital Projects			
Capital outlay	107,544	50,000	-
Transfers to other districts - Sweetgrass MD No. 3	-	2,695,000	-
Total expenditures	<u>5,876,279</u>	<u>2,921,356</u>	<u>120,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>-</u>	<u>42,226</u>
Total expenditures and transfers out requiring appropriation	<u>5,876,279</u>	<u>2,921,356</u>	<u>162,226</u>
ENDING FUND BALANCES	<u>\$ (44,546)</u>	<u>\$ 150,382</u>	<u>\$ 160,215</u>
EMERGENCY RESERVE	\$ 170,500	\$ 7,600	\$ 5,200
AVAILABLE FOR OPERATIONS	(215,046)	142,782	155,015
TOTAL RESERVE	<u>\$ (44,546)</u>	<u>\$ 150,382</u>	<u>\$ 160,215</u>

See summary of significant assumptions.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	130,098
Specific ownership taxes	-	-	5,204
Interest Income	-	-	3,000
Total revenues	<u>-</u>	<u>-</u>	<u>138,302</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>2,226</u>
Total funds available	<u>-</u>	<u>-</u>	<u>140,528</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	-	-	1,951
Debt Service			
Bond interest	-	-	129,717
Paying agent fees	-	-	7,500
Total expenditures	<u>-</u>	<u>-</u>	<u>139,168</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>139,168</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,360</u>

See summary of significant assumptions.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Bond issuance proceeds	-	-	3,000,000
Total revenues	-	-	3,000,000
TRANSFERS IN			
Transfers from other funds	-	-	40,000
Total funds available	-	-	3,040,000
EXPENDITURES			
Capital Projects			
Bond issue costs	-	-	40,000
Transfers to other districts - Sweetgrass MD No. 3	-	-	3,000,000
Total expenditures	-	-	3,040,000
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	-	-	3,040,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

See summary of significant assumptions.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Dacono, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Service Plan, as amended and restated in 2021, provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the District. The Service Plan also provides limits on the issuance of general obligation debts for District Nos. 1 and 3 of \$47,000,000 and District No. 2 of \$11,500,000.

On June 16, 2022, the District issued the (i) Series 2022B, Subordinate General Obligation Limited Tax Bonds in the aggregate principal amount not to exceed of \$51,500,000 (the 2022B Subordinate Bonds) for the purposes of financing public improvements and paying costs of issuance in connection with the 2022B Subordinate Bonds. The outstanding principal balance as of December 31, 2023 is \$4,624,030.

At a special election of the eligible electors of the District, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, operations and maintenance of the public improvements within the District including streets, parks and recreation, water and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security.

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

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

Revenues

Property Taxes

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

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

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate	Category	Rate
Single-Family Residential	6.25%	Agricultural Land	27.00%
Multi-Family Residential	6.25%	Renewable Energy Land	27.00%
Commercial	27.00%	Vacant Land	27.00%
Industrial	27.00%	Personal Property	27.00%
Lodging	27.00%	State Assessed	27.00%
		Oil & Gas Production	87.50%

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes the District's share will be equal to approximately 4% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 3.50%.

Debt Proceeds

On October 30, 2024, the District issued Taxable (Convertible to Tax-Exempt) Limited Tax General Obligation Drawdown Bonds, Series 2024, in the maximum aggregate amount of \$43,150,000 and the Supplemental "B" Interest Registered Coupon. The District anticipates a draw on the 2024 Bonds in 2026.

Intergovernmental Revenues

The District anticipates a transfer from Sweetgrass Metro District No. 3 to fund operations and administrative costs of District No. 3.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

Debt Service

The District anticipates an interest payment on the Series 2024 Bonds to the extent of available pledged revenues.

Capital Projects

Anticipated expenditures for capital projects are reflected in the Capital Projects Fund.

Debt and Leases

On October 30, 2024, the District issued Taxable (Convertible to Tax-Exempt) Limited Tax General Obligation Drawdown Bonds, Series 2024, in the maximum aggregate amount of \$43,150,000 and the Supplemental "B" Interest Registered Coupon. The Bonds refunded the District's Series 2022B Bonds and will be used to finance public improvements benefitting the District. The Bonds bear interest at 7.50% until they are converted to tax-exempt at which time the interest rate will be 7.00%. The Bonds are secured and payable from pledged revenues consisting of property tax and specific ownership tax revenues. The Bonds are structured as cash flow bonds meaning there are no scheduled principal payments until maturity and will be paid annually to the extent of available pledged revenues. The Bonds mature on December 1, 2061.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying budget.

RESOLUTION
ADOPTING BUDGET, AND APPROPRIATING SUMS OF MONEY
AND CERTIFYING MILL LEVIES FOR THE CALENDAR YEAR 2026

*

The Board of Directors of Sweetgrass Metropolitan District No. 2 (the “**Board**”), City of Dacono, Weld County, Colorado (the “**District**”), held a regular meeting, via teleconference on October 23, 2025, at the hour of 1:00 p.m.

Prior to the meeting, each of the directors was notified of the date, time, and place of the budget meeting and the purpose for which it was called, and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2026 BUDGET



AFFIDAVIT

Invoice #: 340961508
Account #: A30032496
Invoice Date: 10/13/2025

BILL TO:

White Bear Ankele Tanaka & Waldron
Alecia K. Roberts
2154 EAST COMMONS AVENUE, SUITE 2000
CENTENNIAL CO 80122

ADVERTISER:

PUBLICATION: Denver Daily Journal - Legal

STATE OF COLORADO
COUNTY OF DENVER

I, Cynthia Serrano, OF THE COUNTY OF MERCER, STATE OF NEW JERSEY, HAVING DULY BEEN SWORN, DEPOSES AND SAYS:

I AM NOW AND AT ALL TIMES HEREINAFTER MENTIONED A CITIZEN OF THE UNITED STATES OF AMERICA, OVER TWENTY-ONE YEARS OF AGE, AND COMPETENT TO BE A WITNESS ON THE HEARING OF THE MATTERS MENTIONED IN THE ANNEXED PRINTED COPY NOTICE HEREINAFTER SET FORTH; I HAVE NO INTEREST WHATSOEVER IN ANY OF THE SAID MATTERS; I AM NOW AND DURING ALL TIMES EMBRACED IN THE PUBLICATION HERIN MENTIONED AS THE CHIEF CLERK OF THE NEWSPAPER, A NEWSPAPER OF GENERAL CIRCULATION PRINTED AND PUBLISHED IN SAID COUNTY; AS CLERK DURING ALL TIMES MENTIONED IN THE AFFIDAVIT I HAVE HAD AND STILL HAVE CHARGE OF ALL ADVERTISEMENT AND NOTICES PUBLISHED IN SAID NEWSPAPER; THAT SAID LEGAL NOTICE OF WHICH THE ANNEXED IS A TRUE PRODUCTION COPY OF THE PRINTED PAGE IN WHICH THE ADVERTISEMENT WAS PUBLISHED IN THE ABOVE NAMED NEWSPAPER ON THE FOLLOWING DAYS TO WIT:

10/13/2025

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I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

SIGNED,

CLERK

WHEREAS, the Board has appointed its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was available for inspection by the public at a designated place, a public hearing was held and interested electors of the District were provided a public comment period and given the opportunity to file any objections to the proposed budget prior to the final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

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Section 4. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant, or other designee to certify to the Board of County Commissioners of Weld County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 5. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated from the revenue of each fund for the purposes stated.

Section 6. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager, or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 7. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

[Remainder of Page Intentionally Left Blank]

ADOPTED OCTOBER 23, 2025.

DISTRICT:

SWEETGRASS METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado

By: *Jon R Lee*
Jon R Lee (Dec 4, 2025 11:47:28 MST)

Officer of the District

ATTEST:

By: *Michelle Laine*
Michelle Laine (Dec 9, 2025 08:40:34 MST)

STATE OF COLORADO
COUNTY OF WELD
SWEETGRASS METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held via teleconference on Thursday, October 23, 2025, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 23rd day of October, 2025.

Michelle Laine
Michelle Laine (Dec 9, 2025 08:40:34 MST)

Signature

[Signature page to Resolution Adopting Budget, and Appropriating Sums of Money and Certifying Mill Levies for the Calendar Year 2026]

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

SWEETGRASS METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR YEAR ENDING DECEMBER 31, 2026

SWEETGRASS METROPOLITAN DISTRICT NO. 2
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 616,614	\$ 904,644	\$ 650,598
REVENUES			
Property taxes	853,682	862,019	885,201
Specific ownership taxes	30,901	37,800	35,408
Interest Income	41,883	40,000	10,000
Other Revenue	13,361	7,500	7,500
Total revenues	<u>939,827</u>	<u>947,319</u>	<u>938,109</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>338,267</u>
Total funds available	<u>1,556,441</u>	<u>1,851,963</u>	<u>1,926,974</u>
EXPENDITURES			
General Fund	651,797	1,201,365	70,000
Debt Service Fund	-	-	910,548
Total expenditures	<u>651,797</u>	<u>1,201,365</u>	<u>980,548</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>338,267</u>
Total expenditures and transfers out requiring appropriation	<u>651,797</u>	<u>1,201,365</u>	<u>1,318,815</u>
ENDING FUND BALANCES	<u>\$ 904,644</u>	<u>\$ 650,598</u>	<u>\$ 608,159</u>
EMERGENCY RESERVE	\$ 28,200	\$ 1,700	\$ 1,900
DEBT SERVICE RESERVE - SERIES 2022A	293,800	293,800	293,800
TOTAL RESERVE	<u>\$ 322,000</u>	<u>\$ 295,500</u>	<u>\$ 295,700</u>

See summary of significant assumptions.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/10/25

ACTUAL	ESTIMATED	BUDGET
2024	2025	2026

ASSESSED VALUATION

Residential	\$ 12,530,380	\$ 12,569,980	\$ 13,386,910
Commercial	670	820	960
Agricultural	30	30	40
State assessed	27,020	217,890	253,110
Vacant land	150,670	150,670	10
Personal property	195,460	-	-
Oil & Gas - Production	3,540	2,840	3,020
Oil & Gas - Pipeline	212,260	334,920	352,550
Certified Assessed Value	\$ 13,120,030	\$ 13,277,150	\$ 13,996,600

MILL LEVY

General	4.554	3.877	3.714
Debt Service	60.504	61.048	59.530
Total mill levy	65.058	64.925	63.244

PROPERTY TAXES

General	\$ 59,749	\$ 51,476	\$ 51,983
Debt Service	793,814	810,543	833,218
Levied property taxes	853,563	862,019	885,201
Adjustments to actual/rounding	119	-	-
Budgeted property taxes	\$ 853,682	\$ 862,019	\$ 885,201

BUDGETED PROPERTY TAXES

General	\$ 59,757	\$ 51,476	\$ 51,983
Debt Service	793,925	810,543	833,218
	\$ 853,682	\$ 862,019	\$ 885,201

See summary of significant assumptions.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 616,614	\$ 904,644	\$ 650,598
REVENUES			
Property taxes	853,682	862,019	51,983
Specific ownership taxes	30,901	37,800	2,079
Interest Income	41,883	40,000	5,000
Other Revenue	13,361	7,500	7,500
Total revenues	939,827	947,319	66,562
Total funds available	1,556,441	1,851,963	717,160
EXPENDITURES			
General and administrative			
Accounting	19,159	20,000	21,000
Auditing	6,800	7,314	7,680
County Treasurer's Fee	12,880	12,930	780
Dues and Membership	842	1,012	1,500
Insurance	12,054	12,363	13,600
District management	-	1,000	2,000
Legal	17,592	18,000	19,000
Miscellaneous	545	1,000	1,000
Election	-	1,819	-
Contingency	-	-	3,440
Debt Service			
Paying agent fees	7,000	8,000	-
Bond Interest Series 2022A	341,800	334,550	-
Bond Interest Series 2022B	88,125	241,377	-
Bond Principal Series 2022A	145,000	150,000	-
Bond Principal Series 2022B	-	392,000	-
Total expenditures	651,797	1,201,365	70,000
TRANSFERS OUT			
Transfers to other fund	-		338,267
Total expenditures and transfers out requiring appropriation	651,797	1,201,365	408,267
ENDING FUND BALANCES	\$ 904,644	\$ 650,598	\$ 308,893
EMERGENCY RESERVE	\$ 28,200	\$ 1,700	\$ 1,900
DEBT SERVICE RESERVE - SERIES 2022A	293,800	293,800	-
AVAILABLE FOR OPERATIONS	582,644	355,098	306,993
TOTAL RESERVE	\$ 904,644	\$ 650,598	\$ 308,893

See summary of significant assumptions.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/10/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	833,218
Specific ownership taxes	-	-	33,329
Interest Income	-	-	5,000
Total revenues	<u>-</u>	<u>-</u>	<u>871,547</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>338,267</u>
Total funds available	<u>-</u>	<u>-</u>	<u>1,209,814</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	-	-	12,498
Debt Service			
Paying agent fees	-	-	7,000
Bond Interest Series 2022A	-	-	327,050
Bond Interest Series 2022B	-	-	60,000
Bond Principal Series 2022A	-	-	145,000
Bond Principal Series 2022B	-	-	359,000
Total expenditures	<u>-</u>	<u>-</u>	<u>910,548</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>910,548</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,266</u>
DEBT SERVICE RESERVE - SERIES 2022A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,800</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,800</u>

See summary of significant assumptions.

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

SERVICES PROVIDED

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Dacono, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Service Plan, as amended and restated in 2021, provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the District. The Service Plan also provides limits on the issuance of general obligation debts for District Nos. 1 and 3 of \$47,000,000 and District No. 2 of \$11,500,000.

At a special election of the eligible electors of the District, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, operations and maintenance of the public improvements within the District including streets, parks and recreation, water and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security.

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

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

Revenues

Property Taxes

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

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

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Property Taxes (Continued)

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate	Category	Rate
Single-Family Residential	6.25%	Agricultural Land	27.00%
Multi-Family Residential	6.25%	Renewable Energy Land	27.00%
Commercial	27.00%	Vacant Land	27.00%
Industrial	27.00%	Personal Property	27.00%
Lodging	27.00%	State Assessed	27.00%
		Oil & Gas Production	87.50%

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District’s share will be equal to approximately 4% of the property taxes collected.

Net Investment Income

Interest earned on the District’s available funds has been estimated based on an average interest rate of approximately 3.50%.

EXPENDITURES

Administrative Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District’s administrative viability such as legal, management, accounting, insurance and meeting expense. Pursuant to the to 2022A Bond Indenture, the annual O&M carve-out for 2026 is \$51,090 which is used to cover the administrative expenditures of the District.

County Treasurer’s Fees

County Treasurer’s fees have been computed at 1.5% of property tax collections.

Debt Service

The District intends to fully fund its annual debt service obligations under the Series 2022A Senior Bonds. The District also anticipates that it will make interest and principal payments on the Series 2022B Subordinate Bonds.

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

On June 16, 2022, the District Issued the (i) Series 2021A, Subordinate General Obligation Limited Tax Bonds in the aggregate principal amount not to exceed of \$8,150,000 (the 2022A Senior Bonds); and (ii) Series 2022B, Subordinate General Obligation Limited Tax Refunding Bonds in the aggregate principal amount of \$1,175,000 (the "2022B Subordinate Bonds") for the purposes of (i) paying and discharging all or a portion of the Series 2018A Notes; (ii) funding a debt service reserve fund (solely for the benefit of the Series 2022A Bonds); and (iii) paying costs of issuance in connection with the 2022A and 2022B Bonds.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR. Debt and Leases

Debt Service Reserves

The District maintains a Debt Service Reserve as required with the issuance of the Series 2022A Bonds.

This information is an integral part of the accompanying forecasted budget.

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<u>Bonds/Loans and Interest Maturing in the Year Ending December 31,</u>	\$8,150,000 General Obligation Limited Tax Refunding Bonds Series 2022A, Dated June 16, 2022 Interest Rate Fixed 4-5% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2026	\$ 145,000	\$ 327,050	\$ 472,050
2027	150,000	319,800	469,800
2028	170,000	312,300	482,300
2029	180,000	303,800	483,800
2030	195,000	294,800	489,800
2031	205,000	285,050	490,050
2032	225,000	274,800	499,800
2033	235,000	263,550	498,550
2034	260,000	251,800	511,800
2035	275,000	238,800	513,800
2036	295,000	225,050	520,050
2037	310,000	210,300	520,300
2038	340,000	194,800	534,800
2039	350,000	181,200	531,200
2040	375,000	167,200	542,200
2041	390,000	152,200	542,200
2042	420,000	136,600	556,600
2043	435,000	119,800	554,800
2044	465,000	102,400	567,400
2045	480,000	83,800	563,800
2046	515,000	64,600	579,600
2047	535,000	44,000	579,000
2048	565,000	22,600	587,600
Total	\$ 7,515,000	\$ 4,576,300	\$ 12,091,300

RESOLUTION
ADOPTING BUDGET, AND APPROPRIATING SUMS OF MONEY
AND CERTIFYING MILL LEVIES FOR THE CALENDAR YEAR 2026

*

The Board of Directors of Sweetgrass Metropolitan District No. 3 (the “**Board**”), City of Dacono, Weld County, Colorado (the “**District**”), held a regular meeting, via teleconference on October 23, 2025, at the hour of 1:00 p.m.

Prior to the meeting, each of the directors was notified of the date, time, and place of the budget meeting and the purpose for which it was called, and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

[Remainder of Page Intentionally Left Blank]

NOTICE AS TO PROPOSED 2026 BUDGET



AFFIDAVIT

Invoice #: 340961508
Account #: A30032496
Invoice Date: 10/13/2025

BILL TO:

White Bear Ankele Tanaka & Waldron
Alecia K. Roberts
2154 EAST COMMONS AVENUE, SUITE 2000
CENTENNIAL CO 80122

ADVERTISER:

PUBLICATION: Denver Daily Journal - Legal

STATE OF COLORADO
COUNTY OF DENVER

I, Cynthia Serrano, OF THE COUNTY OF MERCER, STATE OF NEW JERSEY, HAVING DULY BEEN SWORN, DEPOSES AND SAYS:

I AM NOW AND AT ALL TIMES HEREINAFTER MENTIONED A CITIZEN OF THE UNITED STATES OF AMERICA, OVER TWENTY-ONE YEARS OF AGE, AND COMPETENT TO BE A WITNESS ON THE HEARING OF THE MATTERS MENTIONED IN THE ANNEXED PRINTED COPY NOTICE HEREINAFTER SET FORTH; I HAVE NO INTEREST WHATSOEVER IN ANY OF THE SAID MATTERS; I AM NOW AND DURING ALL TIMES EMBRACED IN THE PUBLICATION HERIN MENTIONED AS THE CHIEF CLERK OF THE NEWSPAPER, A NEWSPAPER OF GENERAL CIRCULATION PRINTED AND PUBLISHED IN SAID COUNTY; AS CLERK DURING ALL TIMES MENTIONED IN THE AFFIDAVIT I HAVE HAD AND STILL HAVE CHARGE OF ALL ADVERTISEMENT AND NOTICES PUBLISHED IN SAID NEWSPAPER; THAT SAID LEGAL NOTICE OF WHICH THE ANNEXED IS A TRUE PRODUCTION COPY OF THE PRINTED PAGE IN WHICH THE ADVERTISEMENT WAS PUBLISHED IN THE ABOVE NAMED NEWSPAPER ON THE FOLLOWING DAYS TO WIT:

10/13/2025

Ad Caption: NOTICE OF PUBLIC HEARING ON THE PROPOSED 2026 BUDGET AND NOTICE OF PUBLIC HEARING ON THE AMENDED 2025 BUDGET; THE VILLAS AT EASTLAKE RESERVOIR METROPOLITAN DISTRICT

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

SIGNED,

CLERK

WHEREAS, the Board has appointed its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was available for inspection by the public at a designated place, a public hearing was held and interested electors of the District were provided a public comment period and given the opportunity to file any objections to the proposed budget prior to the final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2026. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy of Property Taxes. The Board does hereby certify the levy of property taxes for collection in 2026 as more specifically set out in the budget attached hereto.

Section 3. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut, or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 4. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant, or other designee to certify to the Board of County Commissioners of Weld County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 5. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated from the revenue of each fund for the purposes stated.

Section 6. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager, or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 7. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED OCTOBER 23, 2025.

DISTRICT:

**SWEETGRASS METROPOLITAN DISTRICT
NO. 3**, a quasi-municipal corporation and political
subdivision of the State of Colorado

By: Jon R Lee
Jon R Lee (Dec 4, 2025 11:47:28 MST)

Officer of the District

ATTEST:

By: Janice Brehner

STATE OF COLORADO
COUNTY OF WELD
SWEETGRASS METROPOLITAN DISTRICT NO. 3

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held via teleconference on Thursday, October 23, 2025, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 23rd day of October, 2025.

Janice Brehner

Signature

*[Signature page to Resolution Adopting Budget, and Appropriating Sums of Money
and Certifying Mill Levies for the Calendar Year 2026]*

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

SWEETGRASS METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2026

**SWEETGRASS METROPOLITAN DISTRICT NO. 3
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

12/2/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 114,778	\$ 158,577	\$ 168,502
REVENUES			
Property taxes	47,520	46,994	46,234
Specific ownership taxes	2,095	2,368	1,849
Interest Income	6,118	6,600	6,000
Other Revenue	1,298	-	-
Transfers from Sweetgrass MD No. 1	-	2,695,000	3,000,000
Acceptance of reimbursable costs	-	2,695,286	3,000,000
Total revenues	<u>57,031</u>	<u>5,446,248</u>	<u>6,054,083</u>
Total funds available	<u>171,809</u>	<u>5,604,825</u>	<u>6,222,585</u>
EXPENDITURES			
General Fund	13,232	5,436,323	13,194
Capital Projects Fund	-	-	6,000,000
Total expenditures	<u>13,232</u>	<u>5,436,323</u>	<u>6,013,194</u>
Total expenditures and transfers out requiring appropriation	<u>13,232</u>	<u>5,436,323</u>	<u>6,013,194</u>
ENDING FUND BALANCES	<u>\$ 158,577</u>	<u>\$ 168,502</u>	<u>\$ 209,391</u>
EMERGENCY RESERVE	\$ 1,800	\$ 163,400	\$ 1,700
AVAILABLE FOR OPERATIONS	156,777	5,102	207,691
TOTAL RESERVE	<u>\$ 158,577</u>	<u>\$ 168,502</u>	<u>\$ 209,391</u>

See summary of significant assumptions.

SWEETGRASS METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,

12/2/25

ACTUAL	ESTIMATED	BUDGET
2024	2025	2026

ASSESSED VALUATION

Commercial	2,417,680	2,387,560	2,351,120
Agricultural	2,960	2,960	3,100
State assessed	1,290	17,390	22,980
Personal property	15,950	-	-
Oil & Gas - Production	30,910	31,080	32,280
Oil & Gas - Pipeline	424,060	476,790	507,290
	2,892,850	2,915,780	2,916,770
Adjustments	(537,261)	(589,871)	(605,056)
Certified Assessed Value	\$ 2,355,589	\$ 2,325,909	\$ 2,311,714

MILL LEVY

General	20.000	20.000	20.000
Total mill levy	20.000	20.000	20.000

PROPERTY TAXES

General	\$ 47,112	\$ 46,518	\$ 46,234
Levied property taxes	47,112	46,518	46,234
Adjustments to actual/rounding	408	476	-
Budgeted property taxes	\$ 47,520	\$ 46,994	\$ 46,234

BUDGETED PROPERTY TAXES

General	\$ 47,520	\$ 46,994	\$ 46,234
	\$ 47,520	\$ 46,994	\$ 46,234

**SWEETGRASS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

12/2/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 114,778	\$ 158,577	\$ 168,502
REVENUES			
Property taxes	47,520	46,994	46,234
Specific ownership taxes	2,095	2,368	1,849
Interest Income	6,118	6,600	6,000
Other Revenue	1,298	-	-
Acceptance of reimbursable costs	-	2,695,286	-
Transfers from Sweetgrass MD No. 1	-	2,695,000	-
Total revenues	<u>57,031</u>	<u>5,446,248</u>	<u>54,083</u>
Total funds available	<u>171,809</u>	<u>5,604,825</u>	<u>222,585</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	732	698	694
Write off TIF Revenues	-	32,839	-
Contingency	-	-	-
Transfer to Sweetgrass MD No. 1	12,500	12,500	12,500
Capital Projects			
Recognition of costs	-	2,695,286	-
Repay developer advance	-	2,695,000	-
Total expenditures	<u>13,232</u>	<u>5,436,323</u>	<u>13,194</u>
Total expenditures and transfers out requiring appropriation	<u>13,232</u>	<u>5,436,323</u>	<u>13,194</u>
ENDING FUND BALANCES	<u>\$ 158,577</u>	<u>\$ 168,502</u>	<u>\$ 209,391</u>
EMERGENCY RESERVE	\$ 1,800	\$ 163,400	\$ 1,700
AVAILABLE FOR OPERATIONS	156,777	5,102	207,691
TOTAL RESERVE	<u>\$ 158,577</u>	<u>\$ 168,502</u>	<u>\$ 209,391</u>

See summary of significant assumptions.

**SWEETGRASS METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

12/2/25

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Acceptance of reimbursable costs	-	-	3,000,000
Transfers from Sweetgrass MD No. 1	-	-	3,000,000
Total revenues	<u>-</u>	<u>-</u>	<u>6,000,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>6,000,000</u>
EXPENDITURES			
Capital Projects			
Recognition of costs	-	-	3,000,000
Repay developer advance	-	-	3,000,000
Total expenditures	<u>-</u>	<u>-</u>	<u>6,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>6,000,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See summary of significant assumptions.

**SWEETGRASS METROPOLITAN DISTRICT NO. 3
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

In accordance with its Service Plan, Sweetgrass Metropolitan District No. 3 (the "District"), was formed to provide funding to Sweetgrass Metropolitan District No. 1 for the construction, operations and maintenance of the public improvements within the District including streets, parks and recreation, water and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security.

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Dacono, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Service Plan, as amended and restated in 2021, provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the District. The Service Plan also provides limits on the issuance of general obligation debts for District Nos. 1 and 3 of \$47,000,000 and District No. 2 of \$11,500,000.

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

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

Revenues

Property Taxes

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

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

**SWEETGRASS METROPOLITAN DISTRICT NO. 3
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate	Category	Rate
Single-Family Residential	6.25%	Agricultural Land	27.00%
Multi-Family Residential	6.25%	Renewable Energy Land	27.00%
Commercial	27.00%	Vacant Land	27.00%
Industrial	27.00%	Personal Property	27.00%
Lodging	27.00%	State Assessed	27.00%
		Oil & Gas Production	87.50%

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 4% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4.0%.

Expenditures

Transfers to Other Districts

The District imposes a mill levy for the purposes of paying its administrative and operating expenditures. Pursuant to an intergovernmental agreement with District No. 1, the District anticipates transferring funds to District No. 1 to pay the District's administrative and operating costs

Debt and Leases

The District has no debt or leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying budget.

EXHIBIT B
2024 Audits (District Nos. 1 and 2)
2024 Audit Exemption Application (District No. 3)

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT	Sweetgrass Metropolitan District No. 3
ADDRESS	8390 East Crescent Parkway
	Suite 300
	Greenwood Village, CO 80111-2814
CONTACT PERSON	Shelby Clymer
PHONE	303-779-5710
EMAIL	shelby.clymer@claconnect.com

For the Year Ended
12/31/24
or fiscal year ended:

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:	Shelby Clymer
TITLE	Accountant for the District
FIRM NAME (if applicable)	CliftonLarsonAllen LLP
ADDRESS	8390 East Crescent Parkway, Suite 300, Greenwood Village, CO 80111-2814
PHONE	303-779-5710

PREPARER (SIGNATURE REQUIRED)	DATE PREPARED <small>(No exemption shall be granted prior to the close of said fiscal year)</small>
SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT	3/7/2025

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types	GOVERNMENTAL <small>(MODIFIED ACCRUAL BASIS)</small>	PROPRIETARY <small>(CASH OR BUDGETARY BASIS)</small>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PART 2 - REVENUES

All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line #	Description	Round to the nearest dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in question 10-7)	\$ 47,520	
2-2	Specific ownership	\$ 2,095	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ 1,298	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ 6,118	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree to table 4-4, column 'Issued during year')	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree to table 4-4, column 'Issued during year')	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24		\$ -	
2-25		\$ -	
2-26	(add lines 2-1 through 2-25) TOTAL REVENUES	\$ 57,031	

PART 3 - EXPENDITURES/EXPENSES

All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line #	Description	Round to the nearest dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ 732	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree to table 4-4, column 'Retired during year')	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree to table 4-4, column 'Retired during year')	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan	\$ -	
3-22	Contribution to Fire & Police Pension Assoc.	\$ -	
3-23	Other (specify):	\$ -	
3-24	Transfers to District 1	\$ 12,500	
3-25		\$ -	
3-26		\$ -	
3-27		\$ -	
3-28	(add lines 3-1 through 3-27) TOTAL EXPENDITURES/EXPENSES	\$ 13,232	

If TOTAL REVENUES (Line 2-26) or TOTAL EXPENDITURES (Line 3-28) are GREATER than \$100,000 - **STOP**.
You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.		Yes	No
4-1	Does the entity have outstanding debt? <i>(If 'No' is checked, skip to question 4-5)</i> <i>(If 'Yes' is checked, please attach a copy of the entity's debt repayment schedule)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-2	Is the debt repayment schedule attached? If no, MUST explain below: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A The District has no debt.</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-3	Is the entity current in its debt service payments? If no, MUST explain below: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A The District has no debt.</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-4	Please complete the following debt schedule, if applicable: (please only include principal amounts) (enter all amounts as positive numbers)		
	General obligation bonds	\$ -	\$ -
	Revenue bonds	\$ -	\$ -
	Notes/Loans	\$ -	\$ -
	Lease & SBITA** Liabilities [GASB 87 & 96]	\$ -	\$ -
	Developer Advances	\$ -	\$ -
	Other (specify):	\$ -	\$ -
	TOTAL	\$ -	\$ -

**Subscription-Based Information Technology Arrangements

*Must agree to prior year-end balance

Please answer the following questions by marking the appropriate boxes.		Yes	No
4-5	Does the entity have any authorized but unissued debt as of its fiscal year-end? How much? <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">\$ 240,000,000.00</div> Date the debt was authorized: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">11/1/2005</div>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
NEW 4-6	Is the authorized but unissued debt further limited by the entity's most recent Service Plan? If yes: How much? <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">\$ 10,395,000.00</div> Date of the most recent Service Plan: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">1/12/2009</div>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4-7	Does the entity intend to issue debt within the next calendar year? If yes: How much? <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8	Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding? <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-9	Does the entity have any lease agreements? If yes: What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? What are the annual lease payments? <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part 4 - Please use this space to provide any explanations/comments or attach separate documentation, if needed

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2	Certificates of deposit	\$ -	
	TOTAL CASH DEPOSITS		\$ -
5-3	Investments (if investment is a mutual fund, please list underlying investments):		
	CSAFE	\$ 125,566	
		\$ -	
		\$ -	
		\$ -	
	TOTAL INVESTMENTS		\$ 125,566
	TOTAL CASH AND INVESTMENTS		\$ 125,566

Please answer the following questions by marking in the appropriate boxes.		Yes	No	N/A
5-4	Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part 5 - If no, MUST use this space to provide any explanations

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate boxes.

- | | Yes | No |
|--|--------------------------|-------------------------------------|
| 6-1 Does the entity have capital assets?
<i>(If 'No' is checked, skip the rest of Part 6)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

N/A The District does not have capital assets.

Complete the following capital & right-to-use assets table:	Balance - beginning of the year*	Additions ^	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased & SBITA Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation/Amortization <i>(Please enter a negative, or credit, balance)</i>	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*Must agree to prior year-end balance
 ^Generally capital asset additions should be reported as capital outlay on line 3-14 and capitalized in accordance with the government's capitalization policy. Please explain any discrepancy

Part 6 - Please use this space to provide any explanations/comments or attach documentation, if needed

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

- | | Yes | No |
|--|--------------------------|-------------------------------------|
| 7-1 Does the entity have an "old hire" firefighters' pension plan? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7-2 Does the entity have a volunteer firefighters' pension plan? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?
 \$ -

Part 7 - Please use this space to provide any explanations or comments

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

- | | Yes | No | N/A |
|---|-------------------------------------|--------------------------|--------------------------|
| 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?
If no, MUST explain: | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- | | | | |
|---|-------------------------------------|--------------------------|--------------------------|
| 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|---|-------------------------------------|--------------------------|--------------------------|

If yes: Please indicate the amount appropriated for each fund separately for the year reported
 (Please make sure each individual fund's appropriation agrees to how the budget was adopted.
 Do not combine funds)

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General Fund	\$13,368.00

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box.

- | | | | |
|------------|---|-------------------------------------|--------------------------|
| 9-1 | Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]? | Yes | No |
| | | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <i>Note: An election to exempt the entity from the spending limitations of TABOR does not exempt the entity from the 3 percent emergency reserve requirement. All entities should determine if they meet this requirement of TABOR.</i> | | |

Part 9 - If no, MUST use this space to provide any explanations

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

- | | | | |
|-------------|--|-------------------------------------|-------------------------------------|
| 10-1 | Is this application for a newly formed governmental entity? | Yes | No |
| | If yes: Date of formation: <input style="width: 300px;" type="text"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 10-2 | Has the entity changed its name in the past or current year? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | If yes: Please list the NEW name: <input style="width: 300px;" type="text"/>
Please list the PRIOR name: <input style="width: 300px;" type="text"/> | | |
| 10-3 | Is the entity a metropolitan district? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10-4 | Please indicate what services the entity provides: | | |
| | <input style="width: 500px; height: 20px;" type="text"/> | | |
| 10-5 | Does the entity have an agreement with another government to provide services? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | If yes: List the name of the other governmental entity and the services provided: | | |
| | <input style="width: 500px; height: 20px;" type="text"/> | | |
| 10-6 | Has the district filed a <i>Title 32, Article 1 Special District Notice of Inactive Status</i> during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.] | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | If yes: Date filed: <input style="width: 300px;" type="text"/> | | |
| 10-7 | Does the entity have a certified mill levy? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | If yes: Please provide the following <u>mills</u> levied for the year reported (do not report \$ amounts): | | |
| | Bond redemption mills | | - |
| | General/other mills | | 20.000 |
| | Total mills | | 20.000 |
| | | Yes | No |
| 10-8 | If the entity is a Title 32 Special District formed after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 [Section 32-1-207 C.R.S.]? If NO , please explain. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <input style="width: 500px; height: 20px;" type="text"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Please use this space to provide any additional explanations or comments not previously included

10-3: Water, streets, traffic, safety controls, parks & recreation, and sewer.

10-4: Facility Connection and Services Agreement with Sweetgrass Metropolitan Districts No. 1 and 2, District covenants with City of Danco, Colorado.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box.

Yes

No

11-1 If you plan to submit this form electronically, have you read the Electronic Signature Policy?

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signature Policy and Procedure



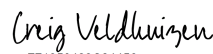
Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as Docusign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following two methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as Docusign or Echosign in accordance with the requirements noted above.

Print or type the names of ALL members of current governing body below. A MAJORITY of the members of the governing body must sign below.		
Board Member 1	Board Member's Name:	Jon Lee
	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	DocuSigned by:  Signature _____ 3/25/2025
	My term expires: _____ May 2025 _____	Date _____
Board Member 2	Board Member's Name:	Jessica Brothers
	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	DocuSigned by:  Signature _____ 3/25/2025
	My term expires: _____ May 2025 _____	Date _____
Board Member 3	Board Member's Name:	Creig Veldhuizen
	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signed by:  Signature _____ 3/25/2025
	My term expires: _____ May 2027 _____	Date _____
Board Member 4	Board Member's Name:	_____
	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
	My term expires: _____	Date _____
Board Member 5	Board Member's Name:	_____
	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
	My term expires: _____	Date _____
Board Member 6	Board Member's Name:	_____
	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
	My term expires: _____	Date _____
Board Member 7	Board Member's Name:	_____
	I attest that I am a duly elected or appointed board member, and that I have personally reviewed and approved this application for exemption from audit.	Signature _____
	My term expires: _____	Date _____



CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111
phone 303-779-5710 fax 303-779-0348
claconnect.com

Accountant's Compilation Report

Board of Directors
Sweetgrass Metropolitan District No. 3
Weld County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Sweetgrass Metropolitan District No. 3 as of and for the year ended December 31, 2024, included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Sweetgrass Metropolitan District No. 3.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP".

Greenwood Village, Colorado
March 7, 2025

Certificate Of Completion

Envelope Id: A6E7963C-B56B-493B-B156-1126D6BF2F74
 Subject: Complete with Docusign: 2024 Audit Exemption - Sweetgrass MD No. 3.pdf
 Client Name: Sweetgrass Metro District No. 3
 Client Number: A521288
 Source Envelope:
 Document Pages: 8
 Certificate Pages: 5
 AutoNav: Enabled
 Envelopeld Stamping: Enabled
 Time Zone: (UTC-06:00) Central Time (US & Canada)

Status: Completed
 Envelope Originator:
 Ling Chen
 220 S 6th St Ste 300
 Minneapolis, MN 55402-1418
 Ling.Chen@claconnect.com
 IP Address: 4.2.161.250

Record Tracking

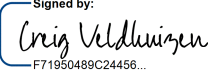
Status: Original
 3/25/2025 12:22:21 PM
 Holder: Ling Chen
 Ling.Chen@claconnect.com

Location: DocuSign

Signer Events

Creig Veldhuizen
 cv@creightonlc.com
 Security Level: Email, Account Authentication
 (None)

Signature

Signed by:

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 Signature Adoption: Pre-selected Style
 Using IP Address: 24.8.96.96

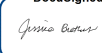
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Electronic Record and Signature Disclosure:

Accepted: 3/25/2025 1:32:47 PM
 ID: 9b76b3d2-ea72-42e5-bdb1-cda3f85eaa4b

Jessica Brothers
 jessica@cdgcolorado.com
 Security Level: Email, Account Authentication
 (None)

DocuSigned by:

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Electronic Record and Signature Disclosure:

Accepted: 3/25/2025 1:44:35 PM
 ID: 84d580d5-98d6-4bd7-b445-32c73b55edb9

Jon Lee
 jonlee@cdgcolorado.com
 Authorized representative
 Security Level: Email, Account Authentication
 (None)

DocuSigned by:

 0D56E84E07B04E7...
 Signature Adoption: Pre-selected Style
 Using IP Address: 65.155.157.50

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SWEETGRASS METROPOLITAN DISTRICT NO. 1
Weld County, Colorado

FINANCIAL STATEMENTS AND
OTHER INFORMATION

YEAR ENDED DECEMBER 31, 2024

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INDEPENDENT AUDITORS' REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUND	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
OTHER INFORMATION	18
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	19



Board of Directors
Sweetgrass Metropolitan District No. 1
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sweetgrass Metropolitan District No. 1 (the "District"), as of and for the year ended December 31, 2024, 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 Sweetgrass Metropolitan District No. 1 as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

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

Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and, accordingly, we do not express an opinion or provide any assurance on them.

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 26, 2025

BASIC FINANCIAL STATEMENTS

SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,356
Cash and Investments - Restricted	8,250
Receivable from County Treasurer	277
Prepaid Insurance	2,356
Refundable Deposit	13,416
Property Tax Receivable	225,483
Total Assets	251,138
LIABILITIES	
Accounts Payable	70,201
Noncurrent Liabilities:	
Due in More Than One Year	5,563,490
Total Liabilities	5,633,691
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	225,483
Total Deferred Inflows of Resources	225,483
NET POSITION	
Restricted for:	
Emergency Reserve	5,500
Unrestricted	(5,613,536)
Total Net Position	\$ (5,608,036)

See accompanying Notes to Financial Statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

		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	\$ 184,653	\$ -	\$ 12,500	\$ -	\$ (172,153)
Interest on Long-Term Debt and Related Costs	566,227	-	-	-	(566,227)
Total Governmental Activities	\$ 750,880	\$ -	\$ 12,500	\$ -	(738,380)
GENERAL REVENUES					
Property Taxes					93,287
Specific Ownership Taxes					3,380
Interest Income					2,750
Transportation Impact Fees					68,082
Other Revenue					3,192
Total General Revenues					170,691
CHANGES IN NET POSITION					(567,689)
Net Position - Beginning of Year					(5,040,347)
NET POSITION - END OF YEAR					\$ (5,608,036)

See accompanying Notes to Basic Financial Statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2024**

	<u>General Fund and Total Governmental Fund</u>
ASSETS	
Cash and Investments	\$ 1,356
Cash and Investments - Restricted	8,250
Receivable from County Treasurer	277
Refundable Deposit	13,416
Prepaid Insurance	2,356
Property Tax Receivable	<u>225,483</u>
Total Assets	<u><u>\$ 251,138</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts Payable	<u>\$ 70,201</u>
Total Liabilities	70,201
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>225,483</u>
Total Deferred Inflows of Resources	225,483
FUND BALANCES	
Nonspendable:	
Prepaid Expense	2,356
Restricted for:	
Emergency Reserves	5,500
Unassigned	<u>(52,402)</u>
Total Fund Balances	<u>(44,546)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 251,138</u></u>
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest	(65,364)
Bonds Payable	<u>(5,498,126)</u>
Net Position of Governmental Activities	<u><u>\$ (5,608,036)</u></u>

See accompanying Notes to Basic Financial Statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>General Fund and Total Governmental Fund</u>
REVENUES	
Property Taxes	\$ 93,287
Specific Ownership Taxes	3,380
Interest Income	2,750
Transportation Impact Fees	68,082
Other Revenue	3,192
Transfers From Sweetgrass Md No. 3	12,500
Total Revenues	<u>183,191</u>
EXPENDITURES	
Current:	
Accounting	45,111
County Treasurer's Fee	1,447
Directors' Fees	60
Dues And Membership	586
Insurance	5,839
Legal	22,760
Miscellaneous	455
Website	851
Debt Service:	
Bond Interest	874,096
Bond Principal	4,624,030
Bond Issue Costs	193,500
Capital Projects:	
Capital Outlay	107,544
Total Expenditures	<u>5,876,279</u>
OTHER FINANCING SOURCES (USES)	
Bond Issuance Proceeds	5,498,126
Total Other Financing Sources	<u>5,498,126</u>
NET CHANGE IN FUND BALANCE	(194,962)
Fund Balance - Beginning of Year	<u>150,416</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (44,546)</u></u>

See accompanying Notes to Basic Financial Statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (194,962)

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay	28,230
Transfer of Public Improvements to Other Governments	(28,230)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Issuance	(5,498,126)
Bond Principal	4,624,030

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 Interest Payable - Change in Liability	501,369
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Changes in Net Position of Governmental Activities	\$ (567,689)
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**SWEETGRASS METROPOLITAN DISTRICT NO. 1
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 93,286	\$ 93,287	\$ 93,287	\$ -
Specific Ownership Taxes	3,731	3,731	3,380	(351)
Interest Income	5	3,000	2,750	(250)
Transportation Impact Fees	-	68,082	68,082	-
Other Revenue	-	3,192	3,192	-
Transfers From Sweetgrass Md No. 3	-	12,500	12,500	-
Total Revenues	<u>97,022</u>	<u>183,792</u>	<u>183,191</u>	<u>(601)</u>
EXPENDITURES				
Accounting	25,000	30,000	45,111	(15,111)
Auditing	6,500	-	-	-
County Treasurer's Fee	1,399	1,447	1,447	-
Directors' Fees	-	-	60	(60)
Dues And Membership	500	586	586	-
Insurance	3,000	5,839	5,839	-
Legal	20,000	25,000	22,760	2,240
Miscellaneous	5,000	1,000	455	545
Website	600	215	851	(636)
Bond Interest	-	874,096	874,096	-
Bond Principal	-	4,624,030	4,624,030	-
Bond Issue Costs	-	180,000	193,500	(13,500)
Capital Outlay	75,000	90,662	107,544	(16,882)
Contingency	-	117,125	-	117,125
Total Expenditures	<u>136,999</u>	<u>5,950,000</u>	<u>5,876,279</u>	<u>73,721</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(39,977)	(5,766,208)	(5,693,088)	73,120
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	50,000	5,678,126	5,498,126	(180,000)
Transfers To Other Districts - Sweetgrass Md No. 3	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>37,500</u>	<u>5,678,126</u>	<u>5,498,126</u>	<u>(180,000)</u>
NET CHANGE IN FUND BALANCE	(2,477)	(88,082)	(194,962)	(106,880)
Fund Balance - Beginning of Year	<u>166,655</u>	<u>150,416</u>	<u>150,416</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 164,178</u>	<u>\$ 62,334</u>	<u>\$ (44,546)</u>	<u>\$ (106,880)</u>

See accompanying Notes to Basic Financial Statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sweetgrass Metropolitan District No. 1 (the District) is a quasi-municipal corporation located within the City limits of Dacono, Colorado (Dacono) created by election in November 2001. The District and Dacono have entered into an Intergovernmental Agreement as required by the Dacono Code, which implemented the District Service Plan and limited certain District statutory powers. The District is governed pursuant to provisions of the Colorado Special District Act to finance construction, operation and maintenance of the facilities located within the Sweetgrass Metropolitan Districts No. 1, No. 2, and No. 3.

The District was organized concurrently with Sweetgrass Metropolitan District No. 2 (District No. 2) and Sweetgrass Metropolitan District No. 3 (District No. 3). The District has the power to provide water, sanitation, storm drainage, streets, traffic and safety controls, and park and recreation improvements and other related improvements for the benefit of taxpayers and service users within the Districts' boundaries. The 2021 Amended and Restated Service Plan authorizes the District, District No. 2, and District No. 3 to own, operate and maintain park and recreation improvements and methane/natural gas monitoring systems and the Districts have the power to provide ongoing covenant enforcement and design review services."

District No. 1 is intended to serve as the "operating district" while District No. 2 and District No. 3 are intended to serve as the "financing districts". The operating district is responsible for providing the day-to-day operations and administrative management of all three of the Districts. The operating district is economically dependent upon intergovernmental revenue received from the financing districts.

The Service Plan has been replaced by the Amended and Restated Consolidated Service Plan, dated November 19, 2021 and approved by Dacono on November 22, 2021 (the Amended and Restated Service Plan). The Amended and Restated Service Plan authorizes the District with a new money principal debt limit of \$11,500,000, provided that such limitation shall not be applicable to refunding debt issued to refund outstanding debt."

The District has no employees and all services are contracted.

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, including District No. 2, District No. 3, and Dacono.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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. Governmental activities are normally supported by taxes.

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

The District is responsible for the repayment of bonds issued for the purpose of constructing infrastructure improvements which will be conveyed to Dacono or the HOA. The funds generated through the issuance of the bonds have been transferred to District No. 1 for that purpose. Consequently, a deficit balance is reflected on the District's statement of 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, including nonuse fees, are recorded only when payment is due.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

Budgets

In accordance with the State Budget Law, the District's Board of Directors (the Board) 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 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. The adopted budgets for the General Fund and Debt Service fund have been consolidated and reflected as the General Fund Budget for financial reporting purposes.

The District amended its budget for the year ended December 31, 2024.

Property Taxes

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

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

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.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,356
Cash and Investments - Restricted	8,250
Total Cash and Investments	\$ 9,606

Cash and investments as of December 31, 2024, consist of the following:

Deposits with Financial Institutions	\$ 9,444
Investments	162
Total Cash and Investments	\$ 9,606

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, 2024, the District's cash deposits had a bank balance and carrying balance of \$9,444.

Investments

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments. The District also follows investment policies in bond or note agreements when those agreements are more restrictive than state statutes.

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 disclosure requirements or subject to investment custodial credit risk 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.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

- . Obligations of the United States, certain U.S. government agency securities and World Bank securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds *
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 162
		<u>\$ 162</u>

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 operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, 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.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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 AAmmf 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 using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CONSTRUCTION IN PROGRESS

An analysis of the changes in construction in progress for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Increases	Decreases	Balance at December 31, 2024
Governmental Activities:				
Construction in Progress	\$ -	\$ 28,230	\$ 28,230	\$ -

It is the policy of the city of Dacono to accept the maintenance responsibility for water, sanitation, traffic and safety controls, park and recreation improvements (except for a pool and associated landscaping), mosquito and pest control, transportation and other related improvements within Dacono only after a probationary period following completion of construction. When the improvements enter the probationary period, the District removes the cost of construction from its statement of net position.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 LONG-TERM OBLIGATIONS

An analysis of the changes in the District's outstanding long-term obligations for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Private Placements:					
Limited Tax General Obligation Drawdown Bonds, Series 2024	\$ -	\$ 4,624,030	\$ -	\$ 4,624,030	\$ -
Supplemental "B" Interest Registered Coupon, Series 2024	-	874,096	-	874,096	-
Subordinate General Obligation Limited Tax Refunding Bonds Series 2022	4,624,030	-	4,624,030	-	-
Accrued Interest on:					
Limited Tax General Obligation Drawdown Bonds, Series 2024	-	54,438	-	54,438	-
Supplemental "B" Interest Registered Coupon, Series 2024	-	10,926	-	10,926	-
Subordinate General Obligation Limited Tax Refunding Bonds Series 2022	566,733	307,363	874,096	-	-
Total Long-Term Obligations	<u>\$ 5,190,763</u>	<u>\$ 5,870,853</u>	<u>\$ 5,498,126</u>	<u>\$ 5,563,490</u>	<u>\$ -</u>

On October 30, 2024, the District issued Taxable (Convertible to Tax-Exempt) Limited Tax General Obligation Drawdown Bonds, Series 2024 (The Series 2024 Bonds) and the Supplemental "B" Interest Registered Coupon (the Supplemental Coupon), collectively the Bonds. The Series 2024 Bonds were issued with a maximum aggregate amount of up to \$43,150,000, of which \$4,624,030 was drawn on October 30, 2024, and the remainder of which is to be issued from time to time upon satisfaction of the conditions of the Indenture, in payment of the Reimbursement Obligation under the Master Reimbursement Agreement. The Supplemental Coupon was issued in the amount of \$874,096.

The proceeds from the sale of the Series 2024 Bonds and the Supplemental Coupon were for the purpose of refunding the Series 2022 Bonds and the interest accrued on the Series 2022 Bonds.

The Series 2024 Bonds bear a taxable interest rate of 7.5% per annum and a tax-exempt interest rate of 7.00% which is payable annually on December 1, commencing December 1, 2025, to the extent of Pledged Revenue available. The Supplemental Coupon bears interest at 7.00%, payable annually on December 1 to the extent of Pledged Revenue available. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. Unpaid interest on the 2024 Bonds compounds annually on each December 1, commencing December 1, 2025. The Series 2024 Bonds mature on December 1, 2061.

The Bonds are secured by and payable solely from Pledged Revenue which includes (i) property taxes derived from the Required Mill Levy, net of the cost of collection; (ii) Specific Ownership Taxes attributable to the Required Mill Levy; (iii) Facilities Fees; (iv) Pledged PIF Revenues, and; (v) any other legally available moneys of the District credited to the 2024 Bond Fund.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2024**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Due to the uncertainty of the timing of the principal and interest payments on the Bonds, a schedule of the timing of these payments is not available.

Debt Authorization

The District voters approved \$164,000,000 of revenue obligation debt in 2005 at an interest rate not to exceed 18% per annum. At December 31, 2024, the District had \$153,535,508 in authorized but unissued debt. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes net position that is restricted for use either by externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2024 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 5,500
Total Restricted Net Position	\$ 5,500

The District had a deficit in unrestricted net position.

The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District’s financial records.

NOTE 7 RELATED PARTY

Three members of the Board of Directors are employees and are associated with Bellock Construction Company, construction manager and accountants for the District, Dacono Properties LLC and Dacono Development Company, Inc., the Developers within the District. At the October 26, 2023 meeting, the District appointed two residents to fill the vacancies on the board. During 2024, the three employees associated with the Developers also served on the District No. 1, and No. 3 Board of Directors.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 AGREEMENTS

District Facilities Construction and Service Agreement

In order to implement the Service Plan, District No. 1 approved an intergovernmental agreement with the District and District No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions have been performed in their entirety or until the agreement is terminated by mutual written agreement by the Districts.

District No. 1 is to construct the facilities benefiting the three Districts and transfer them to Dacono or the HOA. The District and District No. 3 will, to the extent that they are to benefit, pay the capital costs and the service costs of operation and maintenance of such facilities.

The Gallagher Amendment, first added to the Colorado Constitution in 1982, required a residential to nonresidential property tax ratio of 45% to 55% and required the state legislature to adjust the residential assessment rate to maintain the required ratio. The District and District No. 3 are required to fund, on an annual basis, the amount of actual service costs that each District would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the Districts disagree as to the amount to be paid, then the District and District No. 3 must pay District No. 1 the amount set forth in the annual budget. During fiscal year 2020, the Gallagher Amendment was repealed. While the residential assessment rate is set in statute at 7.15%, the Colorado legislature approved a temporary reduction to 6.765% for the 2023 and 2024 tax years.

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 (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 during the past three fiscal years.

The District pays annual premiums to the Pool for liability 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.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

On November 5, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

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.

OTHER INFORMATION

SWEETGRASS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024
(UNAUDITED)

<u>Year Ended December 31,</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>	<u>Total Mills Levied</u>			<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>General Operations</u>	<u>Debt Service</u>	<u>Total</u>	<u>Levied</u>	<u>Collected</u>	
2019/2020	\$ 5,130	0.0%	55.663	-	55.663	\$ 286	\$ 286	100.00 %
2020/2021	40	-99.2%	55.663	-	55.663	2	2	100.00 %
2021/2022	40	0.0%	55.663	-	55.663	2	2	100.00 %
2022/2023	40	0.0%	57.220	-	57.220	2	2	100.00 %
2023/2024	1,438,990	3597375.0%	64.879	-	64.879	93,286	93,287	100.00 %
Estimated for Year Ending December 31, 2025	\$ 3,469,370	141.1%	43.251	21.765	65.016	\$ 225,483		

Note:
Property taxes collected in any one year include collection of delinquent property taxes

Source: Weld County Assessor and Treasurer.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
Weld County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024**

INDEPENDENT AUDITORS' REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUND	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
OTHER INFORMATION	19
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	20
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	21
ANNUAL CONTINUING DISCLOSURE OBLIGATION	22
HISTORY OF ASSESSED VALUATION & STATUTORY 'ACTUAL' VALUE OF TAXABLE PROPERTY IN THE DISTRICT	23
ASSESSED VALUATION & STATUTORY 'ACTUAL' VALUE OF CLASSES OF PROPERTY IN THE DISTRICT	24



Board of Directors
Sweetgrass Metropolitan District No. 2
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sweetgrass Metropolitan District No. 2 (the "District"), as of and for the year ended December 31, 2024, 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 Sweetgrass Metropolitan District No. 2 as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

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

Other Information and Annual Continuing Disclosure Information

Management is responsible for the other information and annual continuing disclosure information included in our report. The other information and annual continuing disclosure information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and annual continuing disclosure information, and, accordingly, we do not express an opinion or provide any assurance on them.

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

August 25, 2025

SWEETGRASS METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities
ASSETS	
Cash and Investments	\$ 327,732
Cash and Investments - Restricted	674,454
Receivable from County Treasurer	7,854
Prepaid Bond Insurance	207,040
Property Tax Receivable	862,019
Total Assets	2,079,099
LIABILITIES	
Accounts Payable	17,272
Accrued Bond Interest	27,879
Noncurrent Liabilities:	
Due Within One Year	150,000
Due in More Than One Year	10,504,562
Total Liabilities	10,699,713
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	862,019
Total Deferred Inflows of Resources	862,019
NET POSITION	
Restricted for:	
Emergency Reserve	28,200
Debt Service	620,399
Unrestricted	(10,131,232)
Total Net Position	\$ (9,482,633)

See accompanying Notes to Financial Statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	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	\$ 78,499	\$ -	\$ -	\$ (78,499)
Interest on Long-Term Debt and Related Costs	546,459	-	-	(546,459)
Total Governmental Activities	\$ 624,958	\$ -	\$ -	(624,958)
GENERAL REVENUES				
Property Taxes				853,682
Specific Ownership Taxes				30,901
Interest Income				41,883
Other Revenue				13,361
Total General Revenues and Transfers				939,827
CHANGES IN NET POSITION				314,869
Net Position - Beginning of Year				(9,797,502)
NET POSITION - END OF YEAR				\$ (9,482,633)

See accompanying Notes to Basic Financial Statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
BALANCE SHEET –
GOVERNMENTAL FUND
DECEMBER 31, 2024**

	<u>General Fund and Total Governmental Fund</u>
ASSETS	
Cash and Investments	\$ 327,732
Cash and Investments - Restricted	674,454
Receivable from County Treasurer	7,854
Property Tax Receivable	<u>862,019</u>
Total Assets	<u><u>\$ 1,872,059</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 105,396
Total Liabilities	<u>105,396</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>862,019</u>
Total Deferred Inflows of Resources	862,019
FUND BALANCES	
Restricted for:	
Emergency Reserves	28,200
Debt Service	647,833
Assigned to:	
Subsequent Year's Expenditures	7,500
Unassigned	<u>221,111</u>
Total Fund Balances	<u><u>904,644</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 1,872,059</u></u>
Amounts reported for governmental activities in the statement of net position are different because:	
Amount reclassified from accounts payable to accrued interest	88,125
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest	(170,727)
Bonds Payable - 2022A	(7,665,000)
Bonds Payable - 2022B	(1,175,000)
Developer Advance Payable	(1,359,492)
Accrued Developer Advance Interest - Capital	(276,815)
Bond Insurance Cost	207,040
Bond Premium - 2022A	<u>(35,408)</u>
Net Position of Governmental Activities	<u><u>\$ (9,482,633)</u></u>

See accompanying Notes to Basic Financial Statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2024

	<u>General Fund and Total Governmental Fund</u>
REVENUES	
Property Taxes	\$ 853,682
Specific Ownership Taxes	30,901
Interest Income	41,883
Other Revenue	13,361
Total Revenues	<u>939,827</u>
EXPENDITURES	
Current:	
Accounting	19,159
Auditing	6,800
County Treasurer's Fee	12,880
Dues And Membership	842
Insurance	12,054
Legal	17,592
Miscellaneous	545
Debt Service:	
Bond Interest Series 2022A	341,800
Bond Interest Series 2022B	88,125
Bond Principal Series 2022A	145,000
Paying Agent Fees	7,000
Total Expenditures	<u>651,797</u>
NET CHANGE IN FUND BALANCE	288,030
Fund Balance - Beginning of Year	<u>616,614</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 904,644</u></u>

See accompanying Notes to Basic Financial Statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 288,030

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

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal 145,000

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.

Amount reclassified from accounts payable to accrued interest	88,125
Accrued Interest Payable - Change in Liability	(91,066)
Accrued Interest Payable Developer Advance - Change in Liability	(109,057)
Amortization of Bond Insurance	(8,627)
Amortization of Bond Premium	2,464
	<u>2,464</u>

Changes in Net Position of Governmental Activities \$ 314,869

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 853,563	\$ 853,682	\$ 119
Specific Ownership Taxes	34,143	30,901	(3,242)
Interest Income	5,000	41,883	36,883
Other Revenue	-	13,361	13,361
Total Revenues	<u>892,706</u>	<u>939,827</u>	<u>47,121</u>
EXPENDITURES			
Accounting	22,000	19,159	2,841
Auditing	6,500	6,800	(300)
County Treasurer's Fee	12,803	12,880	(77)
Dues And Membership	750	842	(92)
Insurance	2,500	12,054	(9,554)
Legal	-	17,592	(17,592)
Miscellaneous	5,476	545	4,931
Paying Agent Fees	7,000	7,000	-
Bond Interest Series 2022A	341,800	341,800	-
Bond Interest Series 2022B	304,171	88,125	216,046
Bond Principal Series 2022A	145,000	145,000	-
Total Expenditures	<u>848,000</u>	<u>651,797</u>	<u>196,203</u>
NET CHANGE IN FUND BALANCE	44,706	288,030	243,324
Fund Balance - Beginning of Year	<u>513,480</u>	<u>616,614</u>	<u>103,134</u>
FUND BALANCE - END OF YEAR	<u>\$ 558,186</u>	<u>\$ 904,644</u>	<u>\$ 346,458</u>

See accompanying Notes to Basic Financial Statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sweetgrass Metropolitan District No. 2 (the District) is a quasi-municipal corporation located within the City limits of Dacono, Colorado (Dacono) created by election in November 2001. The District and Dacono have entered into an Intergovernmental Agreement as required by the Dacono Code, which implemented the District Service Plan and limited certain District statutory powers. The District is governed pursuant to provisions of the Colorado Special District Act to finance construction, operation and maintenance of the facilities located within the Sweetgrass Metropolitan Districts No. 1, No. 2, and No. 3.

Sweetgrass Metropolitan District No. 1 (District No. 1) was organized concurrently with Sweetgrass Metropolitan District No. 2 and Sweetgrass Metropolitan District No. 3 (District No. 3). District No. 1 has the power to provide water, sanitation, storm drainage, streets, traffic and safety controls, and park and recreation improvements and other related improvements for the benefit of taxpayers and service users within the Districts' boundaries. The 2021 Amended and Restated Service Plan authorizes the District, District No. 1, and District No. 3 to own, operate and maintain park and recreation improvements and methane/natural gas monitoring systems and the Districts have the power to provide ongoing covenant enforcement and design review services."

District No. 1 is intended to serve as the "operating district" while the District and District No. 3 are intended to serve as the "financing districts". The operating district is responsible for providing the day-to-day operations and administrative management of all three of the Districts. The operating district is economically dependent upon intergovernmental revenue received from the financing districts.

The Service Plan has been replaced by the Amended and Restated Consolidated Service Plan, dated November 19, 2021 and approved by Dacono on November 22, 2021 (the Amended and Restated Service Plan). The Amended and Restated Service Plan authorizes the District with a new money principal debt limit of \$11,500,000, provided that such limitation shall not be applicable to refunding debt issued to refund outstanding debt."

The District has no employees and all services are contracted.

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, including District No. 1, District No. 3, and Dacono.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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. Governmental activities are normally supported by taxes.

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

The District is responsible for the repayment of bonds issued for the purpose of constructing infrastructure improvements which will be conveyed to Dacono or the HOA. The funds generated through the issuance of the bonds have been transferred to District No. 1 for that purpose. Consequently, a deficit balance is reflected on the District's statement of 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, including nonuse fees, are recorded only when payment is due.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

Budgets

In accordance with the State Budget Law, the District's Board of Directors (the Board) 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 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. The adopted budgets for the General Fund and Debt Service fund have been consolidated and reflected as the General Fund Budget for financial reporting purposes.

Property Taxes

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

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

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.

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 327,732
Cash and Investments - Restricted	674,454
Total Cash and Investments	\$ 1,002,186

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2024, consist of the following:

Deposits with Financial Institutions	\$ 212,420
Investments	<u>789,766</u>
Total Cash and Investments	<u><u>\$ 1,002,186</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2024, the District's cash deposits had a bank balance and carrying balance of \$212,420.

Investments

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments. The District also follows investment policies in bond or note agreements when those agreements are more restrictive than state statutes.

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 disclosure requirements or subject to investment custodial credit risk 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.

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

- . Obligations of the United States, certain U.S. government agency securities and World Bank securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds *
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 789,766
		<u>\$ 789,766</u>

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 operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, 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.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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 AAmmf 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 using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

An analysis of the changes in long-term obligations for the year ended December 31, 2024 follows:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Bonds Payable:					
General Obligation Limited Tax Refunding Bonds Series 2022A	\$ 7,810,000	\$ -	\$ 145,000	\$ 7,665,000	\$ 150,000
Subordinate General Obligation Limited Tax Refunding Bonds Series 2022B	1,175,000	-	-	1,175,000	-
Accrued Interest Series 2022B	51,178	91,670	-	142,848	-
Subtotal Bonds Payable	9,036,178	91,670	145,000	8,982,848	150,000
Other Debts:					
Developer Advance - Capital	1,359,492	-	-	1,359,492	-
Accrued Interest on: Developer Advance - Capital	167,757	109,057	-	276,814	-
Subtotal Other Debts	1,527,249	109,057	-	1,636,306	-
Bond Premium/Discount:					
Bond Premium	37,872	-	2,464	35,408	-
Subtotal Bond Premium / Discount	37,872	-	2,464	35,408	-
Total Long-Term Obligations	\$ 10,601,299	\$ 200,727	\$ 147,464	\$ 10,654,562	\$ 150,000

Series 2022A and 2022B Senior and Subordinate General Obligation Limited Tax Refunding Bonds

On June 16, 2022, the District issued \$8,150,000 of senior and \$1,175,000 of subordinate general obligation limited tax refunding bonds. The bonds were issued for the purpose of refunding the 2018A Loan, purchasing the insurance policy, paying costs of issuance in connect with the Bonds, and in the case of the 2022A Senior Bonds (Series 2022A) only, funding a portion of the initial interest to accrued on the Series 2022A Senior Bonds and funding a portion of a reserve fund for the Series 2022A Senior Bonds.

The prior debt service for the 2018A Loan was \$22,989,292 while the debt service for the new Series 2022A and Series 2022B bonds is \$15,213,960, resulting in an aggregate debt service savings of \$7,775,332. The present value saving for these cash flows resulted in an economic gain of \$3,033,966.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2022A and 2022B Senior and Subordinate General Obligation Limited Tax Refunding Bonds (Continued)

The Senior 2022A Bonds bear a coupon interest rate of 4% to 5% per annum which is payable semi-annually on June 1 and December 1, commencing December 1, 2022, subject to optional and mandatory sinking fund redemption prior to maturity. The Series 2022A Bonds will mature on December 1, 2048. The Series 2022A Senior Bonds will constitute limited tax general obligations of the District payable solely from the Senior Pledged Revenue and certain District funds and accounts established by the Senior Pledged Revenue. This consists primarily of revenues derived from a District property tax levy of not more than 55.663 mills commencing with the December 2022 mill levy certification and continuing through the December 2024 mill levy certification, and then not in excess of 51.663 mills commencing with the December 2025 mill levy certification and continuing each year thereafter, less the amount needed for current and annual reasonable operation, maintenance and administrative obligations of the District, and the portion of the specific ownership taxes on motor vehicles imposed by the state of Colorado and is attributable to such tax levy. Such maximum mill levies are subject to adjustment for changes occurring in the method of calculating assessed valuation after January 1, 2021. The Series 2022A Senior Bonds will constitute an irrevocable, but nonexclusive, first lien on the Senior Pledged Revenue and the amounts in such funds and accounts. The District made \$341,800 of interest payments in 2024 and incurred \$341,196 in interest expense for the year ended December 31, 2024 for these bonds.

The Series 2022B Subordinate Bonds bear a coupon interest rate of 7.5% per annum which is payable annually on December 15, commencing December 15, 2022, to the extent of Subordinate Pledged Revenue available. The 2022B Subordinate Bonds mature on December 15, 2049. The 2022B Subordinate Bonds will also constitute limited tax general obligations of the District payable solely from the Subordinate pledged Revenue and certain Districts Funds and accounts established by the Subordinate Pledged Revenue. This consists primarily of the revenues derived from a District property tax levy of not more than 55.663 mills commencing with the December 2022 mill levy certification and continuing through the December 2024 mill levy certification, and then not in excess of 51.663 mills commencing with the December 2025 mill levy certification and continuing each thereafter, less the O&M Carve-Out (and less the amount levied for purposes of the Series 2022A Senior Bonds), and the specific ownership taxes attributable to such tax levy. The Series 2022B Subordinate Bonds constitute an irrevocable, but nonexclusive, subordinate lien on the Subordinate Pledged Revenue and the amounts held in the funds and accounts established by the Subordinated Pledged Revenue.

The Series 2022B Subordinate Bonds are structured as "cash flow" bonds. There are no scheduled payments of principal on the 2022B Subordinate Bonds prior to their maturity date, but rather the Subordinate Bonds are subject to mandatory redemption on each December 15 prior to maturity from and to the extent of any available Subordinate Pledged Revenue. All Series 2022B Subordinate Bonds and interest thereon will be deemed to be paid, satisfied, and discharged on December 31, 2049, regardless of principal and interest paid on the Series 2022B Subordinate Bonds prior to such date. The District incurred \$91,670 in interest expense for the year ended December 31, 2024 for these Bonds.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2022A and 2022B Senior and Subordinate General Obligation Limited Tax Refunding Bonds (Continued)

The Series 2022A and 2022B Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Bonds. Events of default occur if the District fails to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financial as described in the Indenture.

The 2022A Senior Limited Tax General Obligation Refunding Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 150,000	\$ 334,550	\$ 484,550
2026	145,000	327,050	472,050
2027	150,000	319,800	469,800
2028	170,000	312,300	482,300
2029	180,000	303,800	483,800
2030-2034	1,120,000	1,370,000	2,490,000
2035-2039	1,570,000	1,050,150	2,620,150
2040-2044	2,085,000	678,200	2,763,200
2045-2048	2,095,000	215,000	2,310,000
Total	<u>\$ 7,665,000</u>	<u>\$ 4,910,850</u>	<u>\$ 12,575,850</u>

The annual debt service requirements on the 2022B Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Debt Authorization

The District voters approved \$164,000,000 of revenue obligation debt in 2005 at an interest rate not to exceed 18% per annum. At December 31, 2024, the District had \$153,535,508 in authorized but unissued debt. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

Funding and Reimbursement Agreement

The District and Dacono Properties (the Developer) entered into a Funding and Reimbursement Agreement (FRA) dated June 14, 2022. Pursuant to the FRA, the Developer agreed to advance funds to the District for capital costs incurred in furtherance of the District's permitted purpose for the fiscal year of 2022. The District has agreed to reimburse the Developer for funds advanced under the FRA, together with interest thereon at the rate of 8% per annum. The term of the FRA shall expire on December 31, 2048. Any amounts remaining due under this agreement as of December 31, 2049, including interest, will be forgiven in its entirety. As of December 31, 2024, the outstanding balance of the advances is \$1,359,492, with total interest expense of \$276,814.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes net position that is restricted for use either by externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2024 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 28,200
Debt Service Reserve	620,399
Total Restricted Net Position	\$ 648,599

The District had a deficit in unrestricted net position.

The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District’s financial records.

NOTE 6 RELATED PARTY

Three members of the Board of Directors are employees and are associated with Bellock Construction Company, construction manager and accountants for the District, Dacono Properties LLC and Dacono Development Company, Inc., the Developers within the District. At the October 26, 2023 meeting, the District appointed two residents to fill the vacancies on the board. During 2024, the three employees associated with the Developers also served on the District No. 1, and No. 3 Board of Directors.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 AGREEMENTS

District Facilities Construction and Service Agreement

In order to implement the Service Plan, District No. 1 approved an intergovernmental agreement with the District and District No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions have been performed in their entirety or until the agreement is terminated by mutual written agreement by the Districts.

District No. 1 is to construct the facilities benefiting the three Districts and transfer them to Dacono or the HOA. The District and District No. 3 will, to the extent that they are to benefit, pay the capital costs and the service costs of operation and maintenance of such facilities.

The Gallagher Amendment, first added to the Colorado Constitution in 1982, required a residential to nonresidential property tax ratio of 45% to 55% and required the state legislature to adjust the residential assessment rate to maintain the required ratio. The District and District No. 3 are required to fund, on an annual basis, the amount of actual service costs that each District would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the Districts disagree as to the amount to be paid, then the District and District No. 3 must pay District No. 1 the amount set forth in the annual budget. During fiscal year 2020, the Gallagher Amendment was repealed. While the residential assessment rate is set in statute at 7.15%, the Colorado legislature approved a temporary reduction to 6.765% for the 2023 and 2024 tax years.

NOTE 8 RISK MANAGEMENT

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

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

The District pays annual premiums to the Pool for liability 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.

SWEETGRASS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

On November 5, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

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.

OTHER INFORMATION

SWEETGRASS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2019/2020	\$ 10,636,707	0.0%	11.133	44.530	55.663	\$ 592,073	\$ 592,075	100.00 %
2020/2021	11,288,424	6.1%	11.133	44.530	55.663	628,348	627,938	99.93 %
2021/2022	11,727,171	3.9%	11.133	44.530	55.663	652,773	653,042	100.04 %
2022/2023	12,249,896	4.5%	3.944	51.221	55.165	675,766	671,207	99.33 %
2023/2024	13,120,030	7.1%	4.554	60.504	65.058	853,563	853,682	100.01 %
Estimated for Year Ending December 31, 2025	\$ 13,277,150	1.2%	3.877	61.048	64.925	\$ 862,019		

Note:
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.

Source: Weld County Assessor and Treasurer.

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2024**

<u>Bonds/Loans and Interest Maturing in the Year Ending December 31.</u>	\$8,150,000 General Obligation Limited Tax Refunding Bonds Series 2022A, Dated June 16, 2022 Interest Rate Fixed 4-5% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2025	\$ 150,000	\$ 334,550	\$ 484,550
2026	145,000	327,050	472,050
2027	150,000	319,800	469,800
2028	170,000	312,300	482,300
2029	180,000	303,800	483,800
2030	195,000	294,800	489,800
2031	205,000	285,050	490,050
2032	225,000	274,800	499,800
2033	235,000	263,550	498,550
2034	260,000	251,800	511,800
2035	275,000	238,800	513,800
2036	295,000	225,050	520,050
2037	310,000	210,300	520,300
2038	340,000	194,800	534,800
2039	350,000	181,200	531,200
2040	375,000	167,200	542,200
2041	390,000	152,200	542,200
2042	420,000	136,600	556,600
2043	435,000	119,800	554,800
2044	465,000	102,400	567,400
2045	480,000	83,800	563,800
2046	515,000	64,600	579,600
2047	535,000	44,000	579,000
2048	565,000	22,600	587,600
Total	\$ 7,665,000	\$ 4,910,850	\$ 12,575,850

ANNUAL CONTINUING DISCLOSURE INFORMATION

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
HISTORY OF ASSESSED VALUATION & STATUTORY "ACTUAL" VALUE OF TAXABLE
PROPERTY IN THE DISTRICT
DECEMBER 31, 2024
(UNAUDITED)**

Levy Year	Collection Year	Assessed Valuation	Percent Change	Statutory "Actual" Value	Percent Change
2019	2020	\$ 10,636,740	0.0%	\$ 142,230,401	0.0%
2020	2021	11,288,490	6.1%	149,527,985	5.1%
2021	2022	11,727,250	3.9%	154,776,955	3.5%
2022	2023	12,249,970	4.5%	157,892,365	2.0%
2023	2024	13,120,030	7.1%	189,131,767	19.8%
2024	2025	13,277,150	1.2%	190,145,665	0.5%

**SWEETGRASS METROPOLITAN DISTRICT NO. 2
 ASSESSED VALUATION & STATUTORY "ACTUAL" VALUE OF CLASSES OF
 PROPERTY IN THE DISTRICT
 DECEMBER 31, 2024
 (UNAUDITED)**

Property Class	Assessment Rate	2024		2024	
		Assessed Valuation		Statutory "Actual" Value	
Residential	6.70%	\$ 12,569,980	94.67%	\$ 187,610,919	98.67%
Vacant Land	27.90%	150,670	1.13	540,034	0.28
Agricultural	24.40%	30	0.00	131	0.00
Commercial	27.90%	820	0.01	2,954	0.00
Oil & Gas	87.50%	337,760	2.54	1,210,628	0.64
State Assessed	27.90%	217,890	1.64	780,999	0.41
Totals		<u>\$ 13,277,150</u>	<u>100%</u>	<u>\$ 190,145,665</u>	<u>100%</u>