

**RAMPART RANGE METROPOLITAN  
DISTRICT NO. 1  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019**

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rampart Range Metropolitan District No. 1  
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Rampart Range Metropolitan District No. 1 (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Rampart Range Metropolitan District No. 1, as of December 31, 2019, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Fiscal Focus Partners, LLC**

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information and other information (the information) as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
September 29, 2020

## **BASIC FINANCIAL STATEMENTS**

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 268,822
Cash and Investments - Restricted	16,029,168
Escrow/Surety Account with Parker W&SD	1,637,297
Receivables	462,315
Due from District No. 2	10,237
Due from District No. 7	84,745
Capital Assets, Net:	
Land Improvements	3,071,128
Parking Structure	6,458,090
Infrastructure Assets - West Side	17,713,033
Construction in Progress	34,914,595
Total Assets	80,649,430
<b>LIABILITIES</b>	
Accounts Payable	641,066
Retainage Payable	351,483
Accrued Interest Payable - 2017 Bonds	585,733
Accrued Interest Payable - 2019 Subordinate Note	17,480
Noncurrent Liabilities:	
Due Within One Year	4,814,378
Due in More Than One Year	250,109,378
Total Liabilities	256,519,518
<b>NET POSITION</b>	
Net Investment in Capital Assets	4,545,136
Restricted for:	
Emergency Reserves	71,400
Debt Service	844,000
Unrestricted	(181,330,624)
Total Net Position	\$ (175,870,088)

See accompanying Notes to Basic Financial Statements.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Government Activities:					
General Government	\$ 1,550,742	\$ -	\$ 2,363,767	\$ -	\$ 813,025
Public Works	4,086,601	-	-	177,288	(3,909,313)
Dedication of Capital Assets to Other Entities	1,152,423	-	-	-	(1,152,423)
Interest and Related Costs on Long-Term Debt	8,763,344	-	9,854,688	-	1,091,344
	<u>\$ 15,553,110</u>	<u>\$ -</u>	<u>\$ 12,218,455</u>	<u>\$ 177,288</u>	<u>(3,157,367)</u>
<b>GENERAL REVENUES</b>					
Net Investment Income					491,384
PIF Revenue					1,433,584
Total General Revenues					<u>1,924,968</u>
<b>CHANGE IN NET POSITION</b>					(1,232,399)
Net Position - Beginning of Year					<u>(174,637,689)</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ (175,870,088)</u>

See accompanying Notes to Basic Financial Statements.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	General	Debt Service	Capital Projects - West Side	Capital Projects - East Side	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 268,822	\$ -	\$ -	\$ -	\$ 268,822
Cash and Investments - Restricted	71,400	12,877,676	1,703,648	1,376,444	16,029,168
Escrow/Surety Acct with Parker W&SD	-	-	-	1,637,297	1,637,297
PIF/STRR Receivable	-	381,583	-	-	381,583
Reimbursement Receivable	-	-	80,732	-	80,732
Due from District No. 2	2,133	8,104	-	-	10,237
Due from District No. 7	17,655	67,090	-	-	84,745
Due from Other Funds	-	-	210,775	1,420,233	1,631,008
	<u>-\$ 360,010</u>	<u>\$ 13,334,453</u>	<u>\$ 1,995,155</u>	<u>\$ 4,433,974</u>	<u>\$ 20,123,592</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 47,192	\$ 3,168	\$ 270,693	\$ 320,013	\$ 641,066
Retainage Payable	140,709	-	-	210,774	351,483
Due to Other Funds	-	-	1,420,233	210,775	1,631,008
Total Liabilities	<u>187,901</u>	<u>3,168</u>	<u>1,690,926</u>	<u>741,562</u>	<u>2,623,557</u>
<b>FUND BALANCES</b>					
Restricted for:					
Emergency Reserves	71,400	-	-	-	71,400
Debt Service	-	13,331,285	-	-	13,331,285
Assigned for:					
Capital Projects	-	-	304,229	3,692,412	3,996,641
Unassigned	100,709	-	-	-	100,709
Total Fund Balances	<u>172,109</u>	<u>13,331,285</u>	<u>304,229</u>	<u>3,692,412</u>	<u>17,500,035</u>
Total Liabilities and Fund Balances	<u>\$ 360,010</u>	<u>\$ 13,334,453</u>	<u>\$ 1,995,155</u>	<u>\$ 4,433,974</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	62,156,846
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Loans Payable	(196,819,766)
Accrued Interest on Bonds and Loans	(603,213)
Developer Advances Payable and Associated Accrued Interest	<u>(58,103,990)</u>
Net Position of Governmental Activities	<u>\$ (175,870,088)</u>

See accompanying Notes to Basic Financial Statements.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Capital Projects - West Side	Capital Projects - East Side	Total Governmental Funds
<b>REVENUES</b>					
IGA Revenue #2 - Property Taxes (Net)	\$ 207,867	\$ 877,664	\$ -	\$ -	\$ 1,085,531
IGA Revenue #2 - Specific Ownership Tax	23,526	89,401	-	-	112,927
IGA Revenue #2 - Contractual Obligation (Net)	23,097	-	-	-	23,097
IGA Revenue #2 - Property Tax Interest	-	678	-	-	678
IGA Revenue #7 - Property Taxes (Net)	1,721,425	7,268,241	-	-	8,989,666
IGA Revenue #7 - Specific Ownership Tax	194,775	740,143	-	-	934,918
IGA Revenue #7 - Contractual Obligation (Net)	191,269	-	-	-	191,269
IGA Revenue #7 - Property Tax Interest	-	2,322	-	-	2,322
IGA Revenue #7 - Development Fees	-	-	177,288	-	177,288
Other Income - Reimbursements	940	-	-	-	940
Parking Garage Charging Station Fees	868	-	-	-	868
PIF Revenue	-	1,433,584	-	-	1,433,584
Sales Tax Rebate Revenue	-	876,239	-	-	876,239
Net Investment Income	15,537	428,729	5,703	41,415	491,384
Total Revenues	<u>2,379,304</u>	<u>11,717,001</u>	<u>182,991</u>	<u>41,415</u>	<u>14,320,711</u>
<b>EXPENDITURES</b>					
Current:					
Accounting and Audit	242,809	13,209	42,546	164,300	462,864
Directors Fees	2,100	-	-	-	2,100
District Management	97,327	-	13,734	81,144	192,205
Dues and Licenses	2,985	-	-	450	3,435
Financial Analysis / Debt Restructuring	8,429	5,137	3,862	3,675	21,103
Insurance and Surety Bonds	45,776	-	-	-	45,776
Legal	77,521	-	14,906	72,906	165,333
Miscellaneous	14,308	-	-	3,758	18,066
Paying Agent Fees	-	2,500	-	-	2,500
Payment to City (1.0 Mill Regional ML)	214,362	-	-	-	214,362
PIF Collection Expense	-	30,334	-	-	30,334
Schweiger Ranch Foundation Donation	20,000	-	-	-	20,000
City of Lone Tree Maintenance Payment	250,000	-	-	-	250,000
Construction Management	-	-	9,537	16,986	26,523
Engineering	-	-	675	1,807	2,482
Irrigation and Monument Lighting	223,386	-	-	-	223,386
Landscape Maintenance	433,850	-	344	-	434,194
Parking Garage Maintenance	2,032,117	-	-	-	2,032,117
Planning / Design	-	-	30,714	-	30,714
Planning / Design - East Side	-	-	-	170,132	170,132
Sign and "Upgrades" Maintenance	13,592	-	470,000	-	483,592
Snow Removal	92,990	-	-	-	92,990
Street Lights	7,323	-	-	-	7,323
Debt Service:					
Bond Interest Expense - Series 2017	-	7,144,312	-	-	7,144,312
Bond Principal Expense - Series 2017 Bonds	-	3,825,000	-	-	3,825,000
Loan Interest Expense - Series 2019 Note	-	245,885	-	-	245,885
Bond / Loan Issuance Costs	-	190,460	-	-	190,460
Capital Outlay	-	-	8,349,036	3,259,206	11,608,242
Total Expenditures	<u>3,778,875</u>	<u>11,456,837</u>	<u>8,935,354</u>	<u>3,774,364</u>	<u>27,945,430</u>

See accompanying Notes to Basic Financial Statements.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Capital Projects - West Side	Capital Projects - East Side	Total Governmental Funds
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	(1,399,571)	260,164	(8,752,363)	(3,732,949)	(13,624,719)
<b>OTHER FINANCING SOURCES (USES)</b>					
Developer Advances	-	-	6,945,513	6,834,487	13,780,000
Loan Issuance - Compass Bank 2019 Sub. Note	-	9,200,000	-	-	9,200,000
Repayment - Developer Advance Interest	-	(416,628)	(125,802)	-	(542,430)
Repayment - Developer Advance Principal	-	(7,656,725)	(3,762,257)	-	(11,418,982)
Transfer from Other Funds	1,350,000	-	5,976,345	-	7,326,345
Transfer to Other Funds	-	(6,576,345)	-	(750,000)	(7,326,345)
Total Other Financing Sources (Uses)	<u>1,350,000</u>	<u>(5,449,698)</u>	<u>9,033,799</u>	<u>6,084,487</u>	<u>11,018,588</u>
<b>NET CHANGE IN FUND BALANCES</b>	(49,571)	(5,189,534)	281,436	2,351,538	(2,606,131)
Fund Balances - Beginning of Year	<u>221,680</u>	<u>18,520,819</u>	<u>22,793</u>	<u>1,340,874</u>	<u>20,106,166</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 172,109</u>	<u>\$ 13,331,285</u>	<u>\$ 304,229</u>	<u>\$ 3,692,412</u>	<u>\$ 17,500,035</u>

See accompanying Notes to Basic Financial Statements.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ (2,606,131)

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

Governmental funds report capital outlays as expenditures. The statement of activities does not report capital outlay 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, the following are the amounts of capital outlay in the current period:

Capital Outlay - West Side	8,349,036
Capital Outlay from Certain East Side Projects	3,429,338
Depreciation Expense	(908,778)

The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Current Year Developer Advances	(13,780,000)
Bond Principal Payments	3,825,000
Loan Issuance Proceeds	(9,200,000)
Repayments of Developer Advances Principal	11,418,982

Certain 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 on Developer Advances - Change in Liability	(1,172,206)
Accrued Interest on Bonds and Loans - Change in Liability	564,783
Dedication of Assets to Other Governments	<u>(1,152,423)</u>

Change in Net Position of Governmental Activities \$ (1,232,399)

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
IGA Revenue #2 - Property Taxes (Net)	\$ 207,938	\$ 207,867	\$ (71)
IGA Revenue #2 - Specific Ownership Taxes	25,802	23,526	(2,276)
IGA Revenue #2 - Contractual Obligation (Net)	23,104	23,097	(7)
IGA Revenue #7 - Property Taxes (Net)	1,721,513	1,721,425	(88)
IGA Revenue #7 - Specific Ownership Taxes	213,610	194,775	(18,835)
IGA Revenue #7 - Contractual Obligation (Net)	191,279	191,269	(10)
Other income - Reimbursements	-	940	940
Parking Garage Charging Station Fees	-	868	868
Net Investment Income	26,754	15,537	(11,217)
Total Revenues	2,410,000	2,379,304	(30,696)
<b>EXPENDITURES</b>			
General and Administrative:			
Accounting and Audit	241,500	242,809	(1,309)
Directors Fees	3,000	2,100	900
District Management	92,000	97,327	(5,327)
Dues and Licenses	3,000	2,985	15
Financial Analysis / Debt Restructuring	60,000	8,429	51,571
Insurance and Surety Bonds	36,000	45,776	(9,776)
Legal	40,000	77,521	(37,521)
Miscellaneous	9,202	14,308	(5,106)
Payment to City (1.0 Mill Regional ML)	214,383	214,362	21
Schweiger Ranch Foundation Donation	20,000	20,000	-
Operations and Maintenance:			
City of Lone Tree Maintenance Payment	250,000	250,000	-
Irrigation and Monument Lighting	250,000	223,386	26,614
Landscape Maintenance	335,000	433,850	(98,850)
Landscape Maintenance - Meridian Reimbursement	4,415	-	4,415
Parking Garage Maintenance	2,165,000	2,032,117	132,883
Sign and "Upgrades" Maintenance	3,500	13,592	(10,092)
Snow Removal	33,000	92,990	(59,990)
Storm Drainage Facilities Maintenance	105,000	-	105,000
Street Lights	5,000	7,323	(2,323)
Contingency	10,000	-	10,000
Total Expenditures	3,880,000	3,778,875	101,125
<b>NET CHANGE IN FUND BALANCE</b>	(1,470,000)	(1,399,571)	70,429
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Other Funds	1,350,000	1,350,000	-
Total Other Financing Sources (Uses)	1,350,000	1,350,000	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>			
	(120,000)	(49,571)	70,429
Fund Balance - Beginning of Year	220,000	221,680	1,680
<b>FUND BALANCE - END OF YEAR</b>	\$ 100,000	\$ 172,109	\$ 72,109

See accompanying Notes to Basic Financial Statements.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Rampart Range Metropolitan District No. 1 (the District or District No. 1), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the Douglas County District Court on March 12, 2001, concurrently with five other districts, Rampart Range Metropolitan District Nos. 2 - 6, and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). In 2005, Rampart Range Metropolitan District Nos. 7 - 9 (together with District Nos. 1 – 6, the Districts) were also organized. The District's service area is located entirely within the City of Lone Tree (the City) in Douglas County, Colorado. The District operates under an Amended and Restated Service Plan approved by the City on April 19, 2005. The Districts were established to provide financing for the design, acquisition, installation and construction of water and irrigation systems, streets, traffic and safety controls, fire protection and emergency medical services, television relay and translator facilities, transportation systems, parks and recreation facilities, sanitation facilities and mosquito and pest control. From inception, the District, acting as the Operating District, is responsible for managing the construction and operation of facilities and services of the Districts and for issuing debt. District Nos. 2 through 9 (the Taxing Districts) are responsible for providing the funding and tax base needed to support the debt issued by the District for the capital improvements and continuous operations. Pursuant to the Amended and Restated Service Plan, the Taxing Districts are obligated to impose a Regional Improvements Mill Levy, which is currently equal to 1.000 mill, and convey the revenue to the City to be used for the planning, constructing or acquiring of regional improvements. However, Rampart Range Metropolitan District No. 4 (District No. 4) is obligated to impose a Contractual Debt Levy, as defined in the Mill Levy Pledge Agreement between District No. 4 and the City, dated November 7, 2017 (the Mill Levy Pledge Agreement), according to which, so long as the Contractual Debt Levy is imposed, the obligation to impose the Regional Improvements Mill Levy is eliminated for Rampart Range Metropolitan District Nos. 4 - 6, 8 and 9, the "East Side Districts".

Starting on January 1, 2020, the East Side Districts shall be separated for operating and accounting purposes from Rampart Range Metropolitan District Nos. 1, 2, 3 and 7, the "West Side Districts". Therefore, some intergovernmental agreements for the Districts were modified as of December 1, 2019 to prepare for such split, see Note 9 - Agreements. As of December 1, 2019, Rampart Range Metropolitan District No. 5 (District No. 5) is now the "East Side Operating District" for that portion of RidgeGate east of Interstate 25 (the East Side). Therefore, as of December 1, 2019, District No. 1 became the "West Side Operating District" for that portion of RidgeGate west of Interstate 25 (the West Side). However, District No. 1 continued to act as the Operating District for all of the Districts through December 31, 2019, from a cash management, accounting, and reporting standpoint.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)**

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

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

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

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The District reports the following major governmental funds:

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

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

The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities. The District accounts for capital activities in two capital projects funds: Capital Projects – West Side Fund (Capital Projects West) for West-Side capital items and Capital Projects – East Side Fund (Capital Projects East) for East-Side capital items.

**Budgets**

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

The District has amended its annual budget for the year ended December 31, 2019.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Pooled Cash and Investments**

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

**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.

**Public Improvements Fee**

On June 29, 2004, the Declaration of Covenants Imposing and Implementing the RidgeGate Public Improvements Fee (PIF) was made by the Developer. The PIF is imposed on each sale or exchange of goods or services for money that occurs within the Districts, excluding residential property, and excluding the Sky Ridge Hospital complex properties as they were purchased before this time, upon which a sales tax would be payable to the City pursuant to the provisions of the City's Municipal Code.

The PIF is to be in an amount not to exceed 1.25% of the revenue generated by the sale, with such amount to be determined by the Designated Receiving Entity in its sole discretion. The District is the Designated Receiving Entity. The District has set the PIF rate at 1.25%. During 2019, the District recorded \$1,433,584 in PIF revenue.

**Sales Tax Rebate Revenue**

Another significant revenue source for the District is "Sales Tax Rebate Revenue" (STRR) or Sales Tax Rebates, which is defined in detail under Note 9 – Agreements, per both of the sections - Sales Tax Sharing Agreement (see page 29) as well as RidgeGate West Side Agreement Regarding Dedication, Acceptance and Maintenance of Public Improvements and Sales Tax Sharing (see page 30). The obligation of the City to make payments of Sales Tax Rebate Revenue to the District commenced with regards to "Sales Tax Revenues" (defined as sales tax, lodging tax, admissions tax, or use tax imposed by the City) earned for the period January 1, 2013, and runs through December 31, 2032. The percentage of Sales Tax Revenue to be rebated by the City to the District was 45% of collections for the period of January 1, 2014, through December 31, 2018; however, the District now receives 25% of collections for the period of January 1, 2019, through December 31, 2023. The City makes payments of STRR quarterly within 60 days of each calendar quarter. During 2019, the District recorded \$876,239 in Sales Tax Rebate Revenue.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Currently, the District has assets that are being treated as construction in progress and assets that are being depreciated. For 2019, all capital infrastructure assets that were added by the District were added to construction in progress or were conveyed to the City.

During 2018 and extending into 2019, some major repairs that are considered to be operational maintenance work that had been delayed on the District's parking garage, and does not necessarily extend its useful life, were completed. During these repairs, more damage was found in the parking garage than was anticipated, and according to the District's engineers and consultants, it is doubtful that the garage will have a 50 year estimated life. Therefore, in 2018, the District revalued the total estimated useful life on the parking garage from 50 years to 30 years. The parking garage was placed in service in 2005, so the revised estimated useful life will extend to 2034.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parking Garage	30 Years
Infrastructure Assets – West Side:	
Storm Drainage System	40 Years
Parks, Trails, and Pedestrian	
Underpass Facilities	40 Years
Retaining Walls (Cabela's Area)	30 Years
Communication Systems (CINET)	20 Years

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Capital Assets (Continued)**

The District will convey the capital assets recorded in construction in progress to the City and other governmental entities. The District removes the assets from its property records once initial acceptance has taken place. Prior to January 1, 2015, the City would not accept for maintenance any assets constructed by the District since the inception of construction in 2001. With the December 2014 signing of the new Ridgeway West Side Agreement Regarding Dedication, Acceptance and Maintenance of Public Improvements and Sales Tax Sharing (which is defined in detail under Note 9 - Agreements, per the section of the same name on page 30) among RidgeGate, the District and the City, the City accepted ownership of all previously constructed and currently existing streets, sidewalks, street lighting, traffic signals and related landscaping effective as of January 1, 2015. On page 17, capital assets reflected as being dedicated to the City during 2019, include \$1,152,423 of costs.

**Amortization**

**Original Issue Discount/Premium**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Equity**

**Net Position**

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

**Fund Balance**

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

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

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Equity (Continued)**

Fund Balance (Continued)

*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, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 268,822
Cash and Investments - Restricted	16,029,168
Total Cash and Investments	<u>\$ 16,297,990</u>

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 25,102
Investments	16,272,888
Total Cash and Investments	<u>\$ 16,297,990</u>

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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, 2019, the District's cash deposits had a bank balance of \$37,563 and a carrying balance of \$25,102.

**Investments**

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

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of December 31, 2019, 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	\$ 15,352,287
BBVA Compass Bank Public Funds Money Market Account	Weighted Average Under 60 Days	920,601
		<u>\$ 16,272,888</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 is 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. 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 is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**BBVA Compass Bank Public Funds Money Market Account**

The Debt Service Reserve Fund and Loan Payment Fund monies that are included in the trust accounts at BBVA Compass Bank are invested in the BBVA Compass Public Funds Money Market Account. This account is not actually a Money Market Mutual Fund, but a standard bank depository savings account held by BBVA, which is an eligible public depository in Colorado, so the account is held subject to the requirements of the PDPA.

**NOTE 4 RELATED PARTIES**

Prior to December 31, 2007, the Developer of the property which constitutes the Districts was Colony Investments, Inc. (Colony). Effective July 1, 2007, Colony created a new corporation, RidgeGate Investments, Inc. (RidgeGate) which, as of December 31, 2007, is the entity that is developing the property. Collectively, RidgeGate and Colony are referred to herein as the "Developer". Certain members of the Board of Directors of the District are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District. See Note 6 - Long Term Obligations concerning advances made by the Developer.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2019, follows:

	Balance - December 31, 2018	Increases	Reclassify Category	Dedication to Other Entities	Balance - December 31, 2019
Capital Assets, Not Being Depreciated:				(See Note 2 - Capital Assets)	
Land Improvements	\$ 3,071,128	\$ -	\$ -	\$ -	\$ 3,071,128
<u>Construction in Progress - West</u>					
Streets	1,412,577	248,711	-	801,326	859,962
Streets - RidgeGate Parkway Expansion	-	7,840,926	-	-	7,840,926
Streets - SkyRidge Bridge	-	-	7,656,725	-	7,656,725
Water	241,140	-	-	-	241,140
Storm Drainage	84,535	-	-	-	84,535
Sanitary Sewer	600	-	-	-	600
Landscaping	475,381	183,933	-	351,097	308,217
Parks, Trails, and Open Space	1,756,200	54,579	-	-	1,810,779
Communication Systems	46,152	20,887	-	-	67,039
Public Transportation	186,685	-	-	-	186,685
Subtotal - West-Side Assets	<u>7,274,398</u>	<u>8,349,036</u>	<u>7,656,725</u>	<u>1,152,423</u>	<u>22,127,736</u>
<u>Construction in Progress - East</u>					
East-Side - Planning/Design	2,078,951	170,132	-	-	2,249,083
East-Side - Capital Assets	29,657	42,183	-	-	71,840
East-Side - Sanitary Sewer	3,336,592	567,732	-	-	3,904,324
Streets - RidgeGate Parkway Expansion	1,543,173	2,179,784	-	-	3,722,957
Streets - RG Station TOD Improvements	-	175,119	-	-	175,119
Streets - SkyRidge Bridge	9,156,110	243,975	(7,656,725)	-	1,743,360
Water - RidgeGate Parkway Water Main	3,936,516	50,413	-	-	3,986,929
East-Side - Water	4,375	-	-	-	4,375
Subtotal - East-Side Assets	<u>20,085,374</u>	<u>3,429,338</u>	<u>(7,656,725)</u>	<u>-</u>	<u>15,857,987</u>
Total Capital Assets, Not Being Depreciated	27,359,772	11,778,374	-	1,152,423	37,985,723
Capital Assets, Being Depreciated:					
Parking Garage	9,686,716	-	-	-	9,686,716
<u>Infrastructure assets - West</u>					
Storm Drainage	8,666,433	-	-	-	8,666,433
Parks, Trails, and Open Space	5,157,460	-	-	-	5,157,460
Pedestrian Underpass-Parks	2,520,198	-	-	-	2,520,198
Retaining Walls	3,067,590	-	-	-	3,067,590
Communication Systems	214,306	-	-	-	214,306
Subtotal - West-Side Assets	<u>19,625,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,625,987</u>
Total Capital Assets, Being Depreciated	29,312,703	-	-	-	29,312,703
Less: Accumulated Depreciation for:					
Parking Garage	(2,798,087)	(430,539)	-	-	(3,228,626)
Infrastructure Assets - West	(1,434,715)	(478,239)	-	-	(1,912,954)
Total Accumulated Depreciation	<u>(4,232,802)</u>	<u>(908,778)</u>	<u>-</u>	<u>-</u>	<u>(5,141,580)</u>
Total Capital Assets, Being Depreciated, Net	<u>25,079,901</u>	<u>(908,778)</u>	<u>-</u>	<u>-</u>	<u>24,171,123</u>
Capital Assets, Net	<u>\$ 52,439,673</u>	<u>\$ 10,869,596</u>	<u>\$ -</u>	<u>\$ 1,152,423</u>	<u>\$ 62,156,846</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Public Works	<u>\$ 908,778</u>
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**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance - December 31, 2018	Additions	Reductions	Balance - December 31, 2019	Due Within One Year
Series 2017 Bonds	\$ 181,025,000	\$ -	\$ 3,825,000	\$ 177,200,000	\$ 3,945,000
Original Issue Premium- Series 2017 Bonds	10,992,403	-	572,637	10,419,766	563,378
Total 2017 Bonds Payable	192,017,403	-	4,397,637	187,619,766	4,508,378
Series 2019 Sub. Loan	-	9,200,000	-	9,200,000	306,000
Developer Advances Capital Projects - West-Side - A	-	15,352,238	11,418,982	3,933,256	-
Developer Advances Water Rights - B	8,143,469	-	-	8,143,469	-
Developer Advances Water (East-Side) Capital Advances - B	13,187,812	-	-	13,187,812	-
Developer Advances Capital Projects - East-Side - C	18,113,052	6,834,487	8,406,725	16,540,814	-
Accrued Interest on Developer Advances - Capital Projects - West-Side - A	-	559,949	542,430	17,519	-
Accrued Interest on Developer Advances - Water Rights - B	9,025,824	515,079	-	9,540,903	-
Accrued Interest on Developer Advances - Water (East-Side) Capital Advances - B	5,275,332	553,894	-	5,829,226	-
Accrued Interest on Developer Advances - Capital Projects - East-Side - C	825,277	628,144	542,430	910,991	-
Total Long-Term Obligations	<u>\$ 246,588,169</u>	<u>\$ 33,643,791</u>	<u>\$ 25,308,204</u>	<u>\$ 254,923,756</u>	<u>\$ 4,814,378</u>

A = Developer advances identified as "A" refer to the Restated 2007 Capital Agreement – West-Side from Note 6.

B = Developer advances identified as "B" refer to the Amended 2007 PWSD Funding Agreement from Note 6.

C = Developer advances identified as "C" refer to the 2017 East-Side Capital Agreement from Note 6.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

The details of the District's long-term obligations are as follows:

**Bonds and Loans**

**Series 2017 Bonds**

On October 24, 2017, the District issued the Rampart Range Metropolitan District No. 1 Limited Tax Supported and Special Revenue Refunding and Improvement Bonds, Series 2017 (Series 2017 Bonds), with a par amount of \$184,020,000, and with the original issuance premium on the Series 2017 Bonds of \$11,631,889, a total bond proceeds amount of \$195,651,889. The Series 2017 Bonds held ratings by Moody's of "A2" and by S&P of "AA" at their issuance based on an insurance policy provided by Assured Guaranty Municipal Corp. The Series 2017 Bonds consist of three term bonds, each of which are subject to mandatory redemption. The first term bond issued in the original amount of \$99,305,000 is due annually through December 1, 2037 with an interest rate of 3.02%. There are also two term bonds with an interest rate of 5.00% each, issued in the original amounts of \$37,215,000 and \$47,500,000 due December 1, 2042 and December 1, 2047, respectively, which are also insured by Assured Guaranty Municipal Corp., the "Insured Bonds". Bonds maturing on and after December 1, 2028 are callable at the option of the District, on any interest payment date on and after December 1, 2027, upon payment of par and accrued. Interest, without redemption premium.

The proceeds of the Series 2017 Bonds were used as follows. 1) To redeem and refund in full the outstanding Series 2013A and 2013B Loans with US Bank dated September 12, 2013, in the principal amounts of \$48,520,000 and \$66,195,000, respectively. 2) To terminate a Swap hedging the 2013B Loan held by US Bank, with a termination fee of \$9,644,650. 3) To fully redeem the Subordinate Revenue Bond, Series 2010A (Tax-Exempt) issued on November 30, 2010, which was held by the Developer, paying accrued and outstanding interest of \$4,830,181 and total principal of \$13,183,000 to RGI. 4) To make a payment-in-full towards all outstanding developer advances from the Capital Funding and Reimbursement Agreement – West-Side, principal of \$32,208,466 and total accrued and outstanding interest of \$5,700,317. In addition, proceeds of the Series 2017 Bonds were used to: 5) fund a Debt Service Reserve Fund of \$10,974,000; 6) to fund a new money Project Fund of \$5,480,000 for all remaining West-Side improvement costs; and 7) to pay all related costs of issuance.

The Series 2017 Bonds are secured by and payable from the "Pledged Revenue", which includes revenues generated from District Nos. 2 and 7 from the following sources, net of any collection costs: 1) all Capital Levies Revenue, 2) all Specific Ownership Taxes which are attributable to the collected Capital Levies Revenue, 3) all Pledged PIF Revenue, 4) all Sales Tax Rebate Revenue received pursuant to an agreement with the City, 5) all PILOT revenues, and 6) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund. The Series 2017 Bonds are also secured by amounts held by the Trustee in the Debt Service Reserve Fund. The Capital Levies Revenue means an ad valorem property tax mill levy imposed by each Taxing District at a rate agreed to with the District pursuant to the Third Amended and Restated Capital Pledge Agreement (see Note 9 - Agreements). The Insured Bonds are further secured by a municipal insurance policy provided by Assured Guaranty Municipal Corp.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017 Bonds (Continued)**

According to the Indenture of Trust dated as of October 1, 2017, between the District and UMB Bank, N.A. (the Trustee), (the Indenture), the District may retain all Pledged Revenue received in a "Revenue Fund", which shall be held, maintained and administered by the District. Not less than five business days prior to each bond interest payment date of June 1 and December 1, annually, starting on June 1, 2018, through full maturity on December 1, 2047, the District shall deposit with the Trustee, from Pledged Revenue on deposit in the Revenue Fund, an amount into the Bond Fund, which will make the amounts available in the Bond Fund sufficient to pay the accrued interest on the Series 2017 Bonds, plus any principal amount due on such bond interest payment date. During 2019, the required funds were transferred from the Revenue Fund to the Bond Fund held by the Trustee, from which the total bond interest amount of \$7,144,312 was paid on the Series 2017 Bonds, and on December 2, 2019, a principal amount of \$3,825,000 was also paid.

The District's debt maturities for the Series 2017 Bonds as of December 31, 2019, are as follows:

<u>Maturities for the Period Ending December 1:</u>	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Total Debt Service</u>
2020	\$ 3,945,000	\$ 7,028,797	\$ 10,973,797
2021	4,060,000	6,909,658	10,969,658
2022	4,185,000	6,787,046	10,972,046
2023	4,310,000	6,660,659	10,970,659
2024	4,440,000	6,530,497	10,970,497
2025 - 2029	24,300,000	30,557,964	54,857,964
2030 - 2034	28,200,000	26,660,050	54,860,050
2035 - 2039	32,855,000	22,003,794	54,858,794
2040 - 2044	41,025,000	13,823,750	54,848,750
2045 - 2047	29,880,000	3,036,500	32,916,500
	<u>\$ 177,200,000</u>	<u>\$ 129,998,715</u>	<u>\$ 307,198,715</u>

**Series 2017 Bonds – Project Fund**

On October 24, 2017, with the issuance of the Series 2017 Bonds, a new money Project Fund was set up and bond proceeds in the amount of \$5,480,000 were deposited for all remaining West Side improvement costs (the 2017 Project Fund). The 2017 Project Fund is held by the Trustee and funds are only released to the District after a "Requisition" is submitted for the reimbursement of approved project costs within Rampart Range Metropolitan District Nos. 2 and 7 (the West Side Project Costs). The District has 36 months from October 24, 2017, to incur the West Side Project Costs and have them reimbursed from the 2017 Project Fund, or the remaining balance in the 2017 Project Fund will be used to pay debt service costs on the Series 2017 Bonds. Therefore, the 2017 Project Fund is accounted for under the District's Debt Service Fund, and as the West Side Project Costs are requisitioned, the funds are transferred from the Debt Service Fund to the Capital Projects – West Side Fund and are accounted for as interfund transfers.

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**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017 Bonds – Project Fund (Continued)**

During 2018, \$442,713 was transferred out of the 2017 Project Fund in four “Requisitions”, and during 2019, the remaining bond proceeds amount of \$5,037,287 was transferred out of the 2017 Project Fund in five separate Requisitions. The last Requisition was processed on October 30, 2019 in the total amount \$3,888,059 (final bond proceeds of \$3,819,969 plus interest of \$68,090) to make a Developer Advance repayment to RGI on October 31, 2019, for a portion of the Developer Advances incurred on the RidgeGate Parkway Widening Project. Also during 2019, the entire interest earnings balance through October 29, 2019, of \$189,058 (which includes the interest Requisitioned on October 30) was also Requisitioned from the 2017 Project Fund. Therefore, total Requisitions from the 2017 Project Fund during 2019 of \$5,226,345 are accounted for as Transfers from the Debt Service Fund to the Capital Projects – West Side Fund in the Fund Financial Statements. Finally, interest earnings which posted to the 2017 Project Fund on October 30, 2019, of \$203 were transferred to the Bond Fund of the Series 2017 Bonds, and the 2017 Project Fund was closed.

**Series 2019 Subordinate Loan**

On May 14, 2019, District No. 1 entered into a loan agreement with Compass Mortgage Corporation (2019 Loan Agreement), which direct loan is evidenced by a promissory note, the Rampart Range Metropolitan District No. 1 Subordinate Limited Tax Supported and Special Revenue Loan, Series 2019 (2019 Note), evidencing a term loan in the original principal amount of \$9,200,000 (2019 Subordinate Loan). The proceeds of the 2019 Subordinate Loan were used to make a payment-in-full of \$8,073,353 towards all outstanding developer advances documented in the Fourth Amendment to Amended and Restated Capital Funding and Reimbursement Agreement – West-Side related to a portion of the costs for the Sky Ridge Bridge Extension Project, principal of \$7,656,725 and total accrued and outstanding interest of \$416,628. In addition, proceeds of the 2019 Subordinate Loan were used to fund a Reserve Fund of \$920,000, held by BBVA Compass Bank, and to pay all related costs of issuance. Of the funds allocated to pay costs of issuance, \$16,187 remained after payment of all such issuance costs, and this amount was transferred to the 2019 Subordinate Loan Payment Account on October 28, 2019, in the form of capitalized interest.

The 2019 Note evidenced an eleven year loan with a Maturity Date of December 15, 2030, with an interest rate of 4.56%. Interest payments on the 2019 Note are calculated on the basis of a 360 day year consisting of twelve 30-day months and are due annually on December 15, commencing on December 15, 2019, along with principal payments also due on December 15, which commence on December 15, 2020. The 2019 Subordinate Loan is secured by and payable from the same Pledged Revenue which funds the Series 2017 Bonds. Once the total annual debt service requirements for the Series 2017 Bonds have been deposited into the Revenue Fund maintained by the District, then District No. 1 is required to make monthly transfers by the end of each month to the 2019 Subordinate Loan Payment Fund held by BBVA Compass Bank, until the amount on deposit within that account is equal to the principal of and interest on the 2019 Subordinate Loan coming due on December 15<sup>th</sup> of that same year. Prepayments on the 2019 Loan may not be made until May 14, 2026, and then any date thereafter. (See Debt Service Schedule on page 45.)

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**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances**

**Capital Funding and Reimbursement Agreement – West-Side**

On December 31, 2007, the District, Colony, and RidgeGate entered into a Capital Funding and Reimbursement Agreement – West-Side (the 2007 Capital Agreement – West-Side). This agreement was amended on December 31, 2008, then on November 18, 2009, and again on November 24, 2010. The 2007 Capital Agreement was amended and restated on November 30, 2012, and, further revised with a first amendment on September 22, 2014, pursuant to which prior capital advances and repayments were acknowledged and RidgeGate agreed to advance up to \$80,000,000 to the District through December 31, 2016. In addition, this first amendment also specified that repayments made against the outstanding West-Side advances were to be made against each advance individually, on a first in, first out (FIFO) basis, first being applied towards accrued and outstanding interest and then to principal. A second amendment on September 23, 2015 reduced the interest rate – these advances will bear an interest rate of 8% per annum, compounded annually, through December 31, 2014; however, commencing on January 1, 2015, interest shall accrue at the higher of 3% per annum or the applicable short term federal interest rate in effect as of the first day of each year. Furthermore, if all outstanding principal and accrued interest has not been repaid in full to the Developer as of December 31, 2019, the interest rate will increase. A third amendment to the amended and restated agreement on November 21, 2016 (together with all amendments and/or restatements, the Restated 2007 Capital Agreement – West-Side), extended the date RidgeGate agreed to provide funding to December 31, 2017, without changing the maximum funding amount.

Beginning in 2016, construction on the District's Sky Ridge Bridge Expansion Project (the Bridge Project) began, which is an automobile, bike and walking bridge constructed over Interstate-25, parallel to the RTD SERE Project light-rail bridge that connects the west and east sides of the RidgeGate Development. The Bridge Project costs were being paid through Developer Advances under the East-Side Capital Agreement. In early 2019, the District engaged Ranger Engineering, LLC to conduct a cost benefit analysis on the Bridge Project. Ranger Engineering's final report, dated April 30, 2019, recommended a total Bridge Project costs allocation split of 80% to the West-Side Districts and 20% to the East-Side Districts. Eighty percent of the total estimated Bridge Project costs amounted to \$7,656,725. Therefore, the District entered into a Fourth Amendment to the Amended and Restated Capital Funding and Reimbursement Agreement – West Side simultaneously with a Second Amendment to the Capital Funding and Reimbursement Agreement – East Side, both dated April 24, 2019, and effective as of May 14, 2019, to transfer \$7,656,725 of Developer Advance principal amounts and the related accrued and outstanding interest from the East-Side Capital Agreement to the Restated 2007 Capital Agreement - West-Side. The Fourth Amendment also extended the date RidgeGate agreed to provide funding to December 31, 2019, without changing the maximum funding amount of \$80,000,000.

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**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Capital Funding and Reimbursement Agreement – West-Side (Continued)**

In like manner, during 2019, construction on the District's RidgeGate Parkway Expansion Project (the RG Parkway Project) began on the East Side of the RidgeGate Development. The RG Parkway Project costs were being paid through Developer Advances under the East-Side Capital Agreement. On July 8, 2019, the District received a cost benefit analysis report from Ranger Engineering, LLC which recommended a total RG Parkway Project costs allocation split of 75% to the West-Side Districts and 25% to the East-Side Districts. As the RG Parkway Project will extend through 2020, the total amount of related costs was not known. Therefore, the District entered into a Fifth Amendment to the Amended and Restated Capital Funding and Reimbursement Agreement – West Side simultaneously with a Third Amendment to the Capital Funding and Reimbursement Agreement – East Side, both approved on October 23, 2019, and effective as of October 31, 2019, to transfer \$6,420,513 in principal of Developer Advances which are associated with the RG Parkway Project and \$125,802 of related accrued and outstanding interest from the East-Side Capital Agreement to the Restated 2007 Capital Agreement - West-Side. In addition, future RG Parkway Project costs will be funded from capital advances according to the same allocation of 75% to the West-Side Districts and 25% to the East-Side Districts. The Fifth Amendment also increased the maximum funding amount to \$90,000,000 through December 31, 2019.

During 2010, all outstanding West-Side Developer advances principal and accrued and unpaid interest balances were discharged with the issuance of the Series 2010B Junior Revenue Bond from the Developer on November 30, 2010. The principal amount reflected as paid was \$30,726,413 and the accrued interest reflected as paid was \$6,475,024. On March 28, 2012, and on June 6, 2014, two additional payments were made against the Restated 2007 Capital Agreement - West-Side of \$9,927,025 (total accrued interest of \$1,263,508 and principal of \$8,663,517). On October 24, 2017, with the issuance of the Series 2017 Bonds, all of the outstanding balances under the Restated 2007 Capital Agreement – West-Side were paid in full, accrued interest of \$5,700,317 and outstanding principal of \$32,208,466. On May 14, 2019, with the issuance of the 2019 Subordinate Loan, all of the outstanding balances allocated to the Restated 2007 Capital Agreement – West-Side with the Fourth Amendment were paid in full, outstanding principal of \$7,656,725, and accrued interest of \$416,628. Finally, on October 31, 2019, the effective date of the Fifth Amendment, a partial payment in the amount of \$3,888,059 was made against the outstanding balances allocated to the Restated 2007 Capital Agreement – West-Side from the Fifth Amendment, all accrued interest of \$125,802 and outstanding principal of \$3,762,257. Until the District has repaid to RidgeGate all funds outstanding under the Restated 2007 Capital Agreement – West-Side, to the extent that Pledged Revenue remains on an annual basis after the debt service requirements of the Series 2017 Bonds and the 2019 Subordinate Loan have been fulfilled, a portion of or all of the remaining funds should be applied as a payment to RidgeGate. As of December 31, 2019, the principal and accrued interest balances outstanding under the Restated 2007 Capital Agreement – West-Side were \$3,933,256 and \$17,519, respectively. The remaining balance of the funding obligation under the Restated 2007 Capital Agreement – West Side available for use as of December 31, 2019 was \$3,049,366 from the \$90,000,000 maximum funding.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
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**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Capital Funding and Reimbursement Agreement for Water and Sewer Service through Parker Water and Sanitation District**

On December 31, 2007, the District, Colony and RidgeGate entered into the 2007 Capital Funding and Reimbursement Agreement for Water and Sewer Service through Parker Water and Sanitation District (PWSD) (2007 PWSD Funding Agreement). The 2007 PWSD Funding Agreement establishes the obligation of RidgeGate to fund, and the District to reimburse RidgeGate, \$9,385,033 for advances previously made, including \$8,143,469 for certain water rights conveyed from Colony to the District, and up to an additional \$5,000,000 per year for advances made for construction of water and sewer improvements required by the PWSD IGA (discussed below in Note 9 - Agreements). Amounts due under the 2007 PWSD Funding Agreement are to be reimbursed, with 8% interest (including interest from the date of advance on advances made prior to December 31, 2007), until such time as the District's existing financial obligations are satisfied, or the District has issued bonds for such purpose, as further set forth in the 2007 PWSD Funding Agreement. On September 23, 2015, a first amendment revised certain terms of the agreement and reduced the interest rate. Advances made according to the amended 2007 PWSD Funding Agreement will bear an interest rate of 8% per annum, compounded annually, through December 31, 2014; however, commencing on January 1, 2015, interest shall accrue at the higher of 3% per annum or the applicable short term federal interest rate in effect as of the first day of each year. Furthermore, if all outstanding principal and accrued interest has not been repaid in full to the Developer as of December 31, 2019, the interest rate will increase. On December 9, 2016, a second amendment to this agreement revised the definition of the "improvements" under the agreement to include street improvements of the Sky Ridge Bridge Extension Project. On February 22, 2017, concurrent with the drafting of the East-Side Capital Agreement (see below), and effective as of January 1, 2017, a third amendment to the 2007 PWSD Funding Agreement (together with the original agreement and all amendments, the Amended 2007 PWSD Funding Agreement) transferred certain principal and accrued interest balances related to all "East-Side" improvements and put them under the new Capital Funding and Reimbursement Agreement – East-Side. These transferred balances were removed in their totality from the Amended 2007 PWSD Funding Agreement, and the third amendment further revised the definition of the "improvements" under the agreement to exclude street improvements of the Sky Ridge Bridge Extension Project, which had been added with the second amendment. The balance owed to RidgeGate pursuant to the Amended 2007 PWSD Funding Agreement as of December 31, 2019, was a principal balance of \$21,331,281 plus \$15,370,129 in accrued interest.

**Capital Funding and Reimbursement Agreement – East-Side**

On March 2, 2017, the District and RidgeGate entered into a Capital Funding and Reimbursement Agreement – East-Side (the East-Side Capital Agreement), with an effective date of January 1, 2017. This agreement sets forth the terms by which RidgeGate will advance funds to the District for costs incurred on the properties to be served by PWSD, which are within the boundaries of Rampart Range Metropolitan District Nos. 3 – 6, 8 and 9 (the East-Side CFRA Properties). The East-Side Capital Agreement identified and "Transferred" prior capital advances in the principal amount of \$3,743,052 plus accrued interest of \$60,685, which were initially funded under the Amended 2007 PWSD Funding Agreement to the East-Side Capital Agreement, where such advances were deemed to be more appropriately accounted for.

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**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Capital Funding and Reimbursement Agreement – East-Side (Continued)**

These costs include general planning expenses and preliminary design costs associated with the East-Side CFRA Properties, as well as costs associated with the Sky Ridge Bridge Extension Project. Under the East-Side Capital Agreement, RidgeGate agreed to advance up to \$30,000,000 to the District through December 31, 2020. These advances will accrue interest at the higher rate of 3% per annum or the applicable short term federal interest rate in effect as of the first day of each year, compounded annually. Furthermore, if all outstanding principal and accrued interest has not been repaid in full to the Developer as of December 31, 2020, the interest rate will increase. On August 22, 2018, a first amendment (together with the original agreement and all amendments, the Amended East-Side Capital Agreement) increased the funding amount through December 31, 2020 up to \$65,000,000.

As discussed in more detail above under the Capital Funding and Reimbursement Agreement – West-Side, the Bridge Project costs were being paid through Developer Advances under the East-Side Capital Agreement; however, Ranger Engineering, LLC recommended a total Bridge Project costs allocation split of 80% to the West-Side Districts and 20% to the East-Side Districts. Therefore, the District entered into a Second Amendment to the Capital Funding and Reimbursement Agreement – East Side simultaneously with a Fourth Amendment to the Amended and Restated Capital Funding and Reimbursement Agreement – West Side, both dated April 24, 2019, and effective as of May 14, 2019, to transfer \$7,656,725 of Developer Advance principal amounts and \$416,628 of the related accrued and outstanding interest from the East-Side Capital Agreement to the Restated 2007 Capital Agreement - West-Side. Furthermore, the 80% of the Bridge Project funding principal amounts transferred to the West-Side will no longer be considered as East Side advances or as part of the maximum funding amount.

Likewise, as discussed in more detail above under the Capital Funding and Reimbursement Agreement – West-Side, also in 2019, Ranger Engineering, LLC recommended a total RG Parkway Project costs allocation split of 75% to the West-Side Districts and 25% to the East-Side Districts. Therefore, the District entered into a Third Amendment to the Capital Funding and Reimbursement Agreement – East Side simultaneously with a Fifth Amendment to the Amended and Restated Capital Funding and Reimbursement Agreement – West Side, both approved on October 23, 2019, and effective as of October 31, 2019, to transfer \$6,420,513 of Developer Advance principal amounts and \$125,802 of the associated accrued and outstanding interest from the East-Side Capital Agreement to the Restated 2007 Capital Agreement - West-Side. Furthermore, the 80% of the Bridge Project funding principal amounts transferred to the West-Side will no longer be considered as East Side advances or as part of the maximum funding amount. In addition, future RG Parkway Project costs will be funded from capital advances according to the same allocation of 75% to the West-Side Districts and 25% to the East-Side Districts.

As of December 31, 2019, the principal and accrued interest balances outstanding under the Amended East-Side Capital Agreement were \$16,540,814 and \$910,990, respectively. The remaining balance of the funding obligation under the Amended East-Side Capital Agreement available for use as of December 31, 2019, was \$48,459,186.

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**NOTE 7 DEBT AUTHORIZATION**

On May 4, 2004, a majority of the District's qualified electors authorized the issuance of indebtedness in an amount not to exceed \$882,250,000 at an interest rate not to exceed 18% per annum. On November 1, 2005, the District's electors authorized the issuance of additional indebtedness in an amount not to exceed \$5,505,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized May 4, 2004 Election	Authorized November 1, 2005 Election	Total Authorized	Authorization Used	Remaining at December 31, 2019
Emergency Medical Facilities and Fire Protection	\$ 14,700,000	\$ 500,000,000	\$ 514,700,000	\$ -	\$ 514,700,000
Intergovernmental Agreements	-	500,000,000	500,000,000	-	500,000,000
Mosquito Control	-	500,000,000	500,000,000	-	500,000,000
Operating Expenses	-	5,000,000	5,000,000	-	5,000,000
Parks and Recreation	214,470,000	500,000,000	714,470,000	27,071,954	687,398,046
Refund Debt	-	500,000,000	500,000,000	78,157,325	421,842,675
Sanitary Sewer (Includes Storm)	126,030,000	500,000,000	626,030,000	21,264,514	604,765,486
Streets	306,920,000	500,000,000	806,920,000	123,005,295	683,914,705
Television Relay and Communication Systems	14,700,000	500,000,000	514,700,000	437,979	514,262,021
Traffic and Safety Control	22,050,000	500,000,000	522,050,000	2,703,046	519,346,954
Transportation System	14,700,000	500,000,000	514,700,000	401,922	514,298,078
Water Facilities	168,680,000	500,000,000	668,680,000	8,959,965	659,720,035
Election Authorization Totals	<u>\$ 882,250,000</u>	<u>\$ 5,505,000,000</u>	<u>\$ 6,387,250,000</u>	<u>\$ 262,002,000</u>	<u>\$ 6,125,248,000</u>
Service Plan Debt Totals			<u>\$ 500,000,000</u>	<u>\$ 262,002,000</u>	<u>\$ 237,998,000</u>

Pursuant to the Service Plan, the District is limited to issuing \$500,000,000 in total debt, regardless of individual debt category line amounts. In addition, the maximum debt service mill levy for the District is 50 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District. The residential assessment rate changed from 7.20% to 7.15% for assessed valuations certified in 2019. However, the District has no residential assessed valuation; therefore, the maximum mill levy for the District remains at 50 mills.

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.

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**NOTE 8 NET POSITION**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District had net investment in capital assets, calculated as follows:

Net Investment in Capital Assets:	
Depreciable Capital Assets	\$ 24,171,123
Noncurrent Portion of Long-Term Obligations	(19,625,987)
Net Investment in Capital Assets	<u>\$ 4,545,136</u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019, as follows:

Restricted Net Position:	
Emergency Reserves - TABOR	\$ 71,400
Debt Service	844,000
Total Restricted Net Position	<u>\$ 915,400</u>

The District had a deficit unrestricted net position as of December 31, 2019. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District’s financial records.

**NOTE 9 AGREEMENTS**

**Annexation and Development Agreement**

Colony Investments, Inc. entered into an Annexation and Development Agreement with the City, which was recorded by the Douglas County Clerk on September 5, 2000 (the Annexation Agreement), which sets forth and establishes an overall plan for the provision of capital infrastructure (including but not limited to financing, development, operations, maintenance, repair and replacement) to assist in development of property within the service area of the Districts, also known as the RidgeGate planned development (the Property). Although the Districts were not organized until after the Annexation Agreement was executed, the Annexation Agreement did anticipate that certain rights and obligations would be assigned to the Districts upon their organization. The Annexation Agreement establishes obligations of the Developer and/or the District to provide certain on-site Improvements and off-site Improvements, which are needed for the development of the Property. In consideration for the obligation to provide the Improvements to the Property, the

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**NOTE 9 AGREEMENTS (CONTINUED)**

**Annexation and Development Agreement (Continued)**

Annexation Agreement sets forth the City's agreement to pay certain Net Shared Sales Taxes (defined below) to the Developer. The agreement to provide such Net Shared Sales Taxes is further clarified in the Sharing Agreement (described below), and the right to receive such Net Shared Sales Taxes has been assigned to the District and is now pledged towards the payment of the District's Series 2017 Bonds. Also per the Annexation Agreement, the City's obligation is to provide various Municipal Services, identified in the Annexation Agreement, including public safety/police protection; residential trash collection; and public road and bridge maintenance, cleaning, snow removal, and repairs. The City's "Total Costs" of providing these services are defined as all direct costs paid by the City, plus an allocation of administrative and overhead costs associated with the services or activities for which the direct costs were paid, less costs recovered by the City from fees or other charges reasonably allocable to said services, plus fifteen percent (15%) of the foregoing sum for an emergency maintenance and repair reserve.

The Annexation Agreement further recognizes that Sales Tax Revenues may not be sufficient in any particular year for the City to pay the Total Costs of providing Municipal Services to the Property. Such a deficiency is referred to as a "Shortfall". To the extent such Sales Tax Revenues from within the Property boundaries are not sufficient in any particular year to pay the Total Costs of providing Municipal Services to the Property, the Shortfall must be paid to the City by either the Developer or the District, which Shortfall shall not be subject to repayment by the City to the Developer or the paying entity. The City is to maintain an accounting system which accurately accounts for the Total Costs of providing Municipal Services to the Property and credits the related sources of revenue for the Property. In years where there is no Shortfall, the excess revenues are transferred to the City's General Fund and the District (for the RidgeGate Development) gets no benefit from such surplus, either in that year or future years.

Furthermore, the Annexation Agreement states that the City shall not be obligated to accept dedication of Improvements and assume the Total Costs of operation and maintenance, and repair or replacement, of those Improvements, until (a) the City reasonably determines that the Sales Tax Revenues are sufficient to pay its Total Costs related to those Improvements, or (b) the City and the appointed districts formed by the Developer have entered into an intergovernmental agreement in which the districts agree to maintain those Improvements or pay the Shortfall to the City in order for the City to do so.

The term of the Annexation Agreement shall last until December 31, 2040, after which time certain provisions of the Annexation Agreement shall be deemed terminated and of no further force and effect. Effective as of January 1, 2015, a first amendment to the Annexation Agreement, executed simultaneously with the West-Side Agreement (see below), removed all West-Side Property (see below) from the Shortfall and Sales Tax Sharing (as related to the acceptance of improvements) provisions of the Annexation Agreement.

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**NOTE 9 AGREEMENTS (CONTINUED)**

**Annexation and Development Agreement (Continued)**

On November 21, 2017, an Amended and Restated Annexation and Development Agreement with Respect to the East Side Property was entered into between RidgeGate and the City (the Amended and Restated Annexation Agreement - East-Side), which was executed simultaneously with the Mill Levy Pledge Agreement. The Amended and Restated Annexation Agreement - East-Side amends and restates the Annexation Agreement with respect to all Rampart Range Metropolitan Districts properties located east of I-25 (the East-Side Property), the term of which expires on December 31, 2055, but does not in any way alter or amend the Annexation Agreement with respect to all properties located west of I-25 that reside within the Rampart Range Metropolitan Districts (the West-Side Property).

**Sales Tax Sharing Agreement**

On September 18, 2001, the Developer entered into a Sales Tax Sharing Agreement with the City, wherein the City agreed to share certain Sales Tax Revenues with the Developer (as initially laid out in the Annexation Agreement) to fund public infrastructure improvements (the Sharing Agreement). Per the Sharing Agreement, "Sales Tax Revenues" means any sales tax, lodging tax, admissions tax or use tax imposed by, or on behalf of, the City upon taxable transactions occurring on the Property, specifically excluding ad valorem property taxes.

On an annual basis, if the Sales Tax Revenues less the Total Costs described above under the Annexation Agreement equals a negative amount, that amount is a Shortfall; however, if the calculation produces a positive amount, that amount is referred to as "Net Shared Sales Taxes". Net Shared Sales Taxes are to be allocated 60% to the District, and 40% to the City (with the exception of certain Sales Tax Revenues from Cabela's Wholesale, Inc. associated specifically with a Memorandum of Understanding dated May 1, 2012, between the District, RidgeGate, and the City – the "Cabela's Sales Tax"), commencing on a date to be specified by the Developer, by notice to the City, and extending for a term of 20 years from such date, but not later than August 2020. During 2012, the Developer notified the City that it was triggering the Sales Tax Sharing Agreement to commence effective on January 1, 2013. Once triggered, the City agreed to pay the District's portion of the Net Shared Sales Taxes to the District - the "Sales Tax Rebates". Effective as of January 1, 2015, an amendment to the Sharing Agreement, executed simultaneously with the West-Side Agreement (see below), removed all West-Side Property from the Sharing Agreement, as revised sales tax sharing provisions were included in the West-Side Agreement. The Amended and Restated Annexation Agreement - East-Side terminates the Sharing Agreement, stating that other than the revenue pledged in the Mill Levy Pledge Agreement, there shall be no other revenue sharing for the East-Side Property.

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**NOTE 9 AGREEMENTS (CONTINUED)**

**Ridgegate West Side Agreement Regarding Dedication, Acceptance, and Maintenance of Public Improvements and Sales Tax Sharing**

On December 23, 2014, the Douglas County Clerk recorded the Ridgegate West Side Agreement Regarding Dedication, Acceptance and Maintenance of Public Improvements and Sales Tax Sharing (the West-Side Agreement) among RidgeGate, the District, and the City which became effective as of January 1, 2015. Simultaneously with the execution of the West-Side Agreement, RidgeGate and the City entered into amendments to the Annexation Agreement and the Sharing Agreement that exclude all of the West-Side Property from both of these Agreements. The West-Side Agreement shall terminate as to RidgeGate on December 31, 2032.

The West-Side Agreement provided direction regarding various West-Side Property issues as follows: 1) on January 1, 2015, the District dedicated to the City and the City accepted all currently existing streets, sidewalks, street lighting and signals for perpetual ownership, repair, replacement and maintenance (including snow removal on streets only) from the District and released both the District and RidgeGate from any future costs associated with the same, except for improvements that are defined in the agreement as “Upgrades”; 2) the City will accept all future streets, sidewalks, street lighting and signals, in accordance with certain standards and procedures adopted by the City, at the time of dedication; 3) the District and the City acknowledge that the District has constructed and will construct certain improvements that will not be offered to the City, and the District shall remain responsible for the operation, maintenance, repair and replacement of such improvements; and 4) in order to offset costs incurred by the City in connection with references (1) and (2) above, (a) during the years 2015 through 2019 the District shall make five annual Maintenance Cost Payments to the City in the amount of \$250,000 each by July 1 of each such year, (the final payment of which was paid to the City on June 19, 2019,) and (b) commencing in tax collection year 2024, the District will impose an additional “Operational Mill Levy” in the amount of one mill which shall be paid to the City.

The West-Side Agreement also replaced the provisions regarding sales tax sharing from that of the Sharing Agreement for the West-Side Property only, as follows: 1) the concepts of Total Costs and Shortfalls as defined in the Annexation Agreement no longer exist for the West-Side Property, and the City is no longer required to account for such costs separately; 2) the Sales Tax Rebates from the Sharing Agreement are calculated using a reducing allocation between the District and the City. For Sales Tax Revenues collected by the City, the District shall receive (a) 45% for the period of January 1, 2014, through December 31, 2018, (b) 25% for January 1, 2019, through December 31, 2023, (c) 15% for January 1, 2024, through December 31, 2028, and (d) 10% for January 1, 2029, through December 31, 2032; and 3) the Sales Tax Rebates owed to the District by the City shall be paid by the City within sixty days of each calendar quarter. (See Note 2 – Summary of Significant Accounting Policies - Sales Tax Rebate Revenue.)

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
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**NOTE 9 AGREEMENTS (CONTINUED)**

**District Facilities Construction and Service Agreement**

On April 30, 2007, the District entered into a Second Amended and Restated District Facilities Construction and Service Agreement among District Nos. 1 – 9 (Master IGA), to coordinate the construction, operation, maintenance, and financing of facilities that are intended to benefit the Districts. On December 1, 2019, the Master IGA was amended by that certain First Amendment, which removed Rampart Range Metropolitan District Nos. 4, 5, 6, 8 and 9 from the Master IGA (West Side Master IGA), and simultaneously with the First Amendment, these Districts entered into an East Side Master IGA. The West Side Master IGA is now among only the West Side Districts. In accordance with the West Side Master IGA, as the Operating District, the District agrees to construct, manage the financing, operate, and maintain the public facilities and services. As the West Side Taxing Districts, Rampart Range Metropolitan District Nos. 2, 3 and 7 agree to pay their respective shares of the costs of facilities and services provided by the District.

**Capital Pledge Agreement**

The District and District Nos. 2 and 7 entered into a Capital Pledge Agreement dated April 1, 2007, for the repayment of prior debt obligations. Pursuant to the agreement, District Nos. 2 and 7 agreed to pledge certain revenues to repay those prior debt obligations issued by the District. Pledged revenues included (1) District Nos. 2 and 7's covenant to levy the required mill levy, up to but not in excess of 50 mills, as adjusted for changes in the ratio of actual value to assessed value of property within each District under State statutes (the Residential Assessment Ratio) on all taxable property within District Nos. 2 and 7, net of reasonable operation and maintenance costs incurred by District Nos. 2 and 7, (2) seventy-five percent (75%) of the development fees collected by District Nos. 2 and 7, (3) all Public Improvement Fee revenue, and (4) a portion of the specific ownership taxes.

In order to pledge the revenues described above to more recent prior debt obligations, the District also entered into an Amended and Restated Capital Pledge Agreement dated March 28, 2012. This amended Capital Pledge Agreement pledged the same revenues as the original Capital Pledge Agreement dated April 1, 2007, with the exception of development fees, which were no longer pledged revenue. Then on September 12, 2013, the District, District No. 2 and District No. 7 entered into a Second Amended and Restated Capital Pledge Agreement.

In conjunction with the issuance of the Series 2017 Bonds, the District, District No. 2 and District No. 7 entered into a "Third Amended and Restated Capital Pledge Agreement" dated October 1, 2017, for the repayment of the Series 2017 Bonds. Pursuant to the Third Amended and Restated Capital Pledge Agreement the District agreed to pledge certain revenues to repay the Series 2017 Bonds and any additional bonds authorized thereunder and issued by District No. 1. Pledged revenues include (1) the District's covenant to levy the required mill levy, up to but not in excess of 50 mills, as adjusted for changes in the Residential Assessment Ratio on all taxable property within each District, net of reasonable operation and maintenance costs incurred by each District, and (2) a portion of the specific ownership taxes, of which some or all of these revenues are further pledged towards the payment of District No. 1's debt obligations, senior of which are the Series 2017 Bonds.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Operations Pledge Agreement**

Additionally, on April 30, 2007, the District, District No. 2 and District No. 7 entered into an Operations Pledge Agreement whereby District Nos. 2 and 7 agreed to impose an operations mill levy in amounts determined as necessary by the District in order to pay their proportionate share of the District's administrative and operations and maintenance costs.

**Water Rights and Wells Purchase Agreement with Colony Investments, Inc.**

In October 2006, the District entered into a water rights and wells purchase agreement with Colony Investments, Inc. These water rights were subsequently conveyed to PWSD for the benefit of the properties within District Nos. 4 through 6, 8 and 9.

**Intergovernmental Agreement for Water and Sewer Service**

On December 13, 2006, the District approved an Intergovernmental Agreement (PWSD IGA) for water and sewer service with PWSD. Pursuant to the PWSD IGA, it is acknowledged that the area in District Nos. 3 through 6, 8 and 9 will be included into the service area for PWSD. The PWSD IGA addresses conveyance of certain water rights and well sites and clarifies the obligations for construction of the water and sewer improvements to serve the Districts within PWSD's service area. Such assets will ultimately be conveyed to PWSD for ownership and maintenance. The District was obligated to pay inclusion fees to PWSD over a ten year period commencing December 2007 in exchange for PWSD providing water and sewer services to the Districts within its service area. The District paid its tenth and final installment to PWSD pursuant to the PWSD IGA during 2016.

**Southeast Rail Extension Project and Related Agreements**

The District and the City were in discussions with the Regional Transportation District (RTD) to extend the metropolitan light rail system into the District for many years, and during 2015, RTD announced that it had reached agreement with the Federal Transit Authority and local entities to construct the Southeast Rail Extension Project (SERE Project) an approximately 2.3-mile light rail train and track system between the existing Lincoln Station and the proposed RidgeGate Station at RidgeGate Parkway and Interstate-25. The SERE Project was designed as part of RTD's "FasTracks Plan" which requires a 2.5% contribution from local jurisdictions.

On October 7, 2015, RTD and the City entered into the Southeast Rail Extension Corridor Contribution Intergovernmental Agreement (City SERE IGA), which established the City as the "Local Agency" which would help facilitate a contribution totaling up to \$40 million dollars to fulfill the FasTracks Plan's required 2.5% local jurisdiction contribution. The "Contribution" was in the form of up to \$15 million in land value, permits, and other in-kind contributions, the majority of which will be derived from the value of land and other property conveyed in a Purchase and Sale Agreement (PSA) between RTD and RidgeGate Investments, Inc., and up to \$25 million in cash, which was contributed by the Local Agency, Douglas County, the Southeast Public Improvement Metropolitan District and the District, and paid by the Local Agency to RTD in three escalating annual payments, from 2016 through 2018 as scheduled.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Southeast Rail Extension Project and Related Agreements (Continued)**

On July 21, 2015, the District and the City entered into an Intergovernmental Agreement Regarding Cost Sharing to Construct the SERE Project (the District SERE CSA). The District SERE CSA established the District's portion of the City's \$25 million cash Contribution at \$7,332,500 dollars (the Rampart Range Cash Contribution), and set forth the payment schedule of such which was also fulfilled during 2016, 2017, and 2018. The City received an Air Quality Grant for the SERE Project during 2018 in the amount of \$565,482, which they credited against the District's final cash contribution payment; therefore, the total Rampart Range Cash Contribution paid was \$6,767,019. The final agreement related to the SERE Project, the Capital Contribution Agreement – Southeast Rail Extension Project was entered into as of February 24, 2016, by and between the District and RidgeGate (SERE CCA), documented that the District did not project to have funds readily available to satisfy the Rampart Range Cash Contribution, so RidgeGate agreed to contribute the funds to the District to do so. The RidgeGate Contributions were non-reimbursable contributions from RidgeGate to the District, made during 2016 through 2018, in the same amounts that were invoiced by the City to the District. As of December 31, 2018, all of the above obligations to fund the SERE Project were completely fulfilled. The Southeast Rail Extension Project began service to the City and the RidgeGate Development on May 17, 2019.

**PWSD Financial Guarantee and Improvements Agreements**

On January 5, 2018, the District and PWSD simultaneously entered into two interrelated agreements. The first being the Water and /or Sewer Main Improvement Agreement for Rampart Range Metropolitan District (the PWSD Improvement Agreement). This agreement outlines how the District shall proceed in constructing water and/or sewer improvements within the East-Side CFRA Properties in accordance with PWSD rules and regulations and the eventual conveyance of such improvements to PWSD. In order to comply with Section 6.4 of the PWSD rules and regulations, the second agreement was executed, a Cash in Lieu of Letter of Credit Financial Guarantee Agreement (the PWSD Guarantee Agreement). The PWSD Guarantee Agreement is put in place to provide to PWSD a financial guarantee from the District for the performance and completion of the improvements to be constructed under the PWSD Improvement Agreement (the PWSD Improvement). In general, the PWSD Guarantee Agreement specifies that at the commencement of the PWSD Improvement, the District is to provide monetary funds to PWSD for 100% of the "Total Estimated Costs" of such improvement PLUS an additional 20% of such costs as the "Guarantee", the total 120% being the "Guarantee Funds" or the "Surety". The PWSD Guarantee Agreement states that all such Guarantee Funds shall be deposited in PWSD's General Fund and PWSD shall not be required to pay the District any interest earnings on such funds. A PWSD Engineering "Inspector" will periodically assess the construction of such improvements. The first 100% of the Guarantee Funds will be released by PWSD back to the District in four stages at the 25%, 50%, 75% and 100% markers of completion of a specific project as identified in a specific Guarantee Agreement at the direction of the Inspector. The remaining 20% of the Guarantee Funds are to be held by PWSD and released to the District only after the two-year warranty period and upon obtaining final acceptance of such project from PWSD in exchange for the conveyance of such improvement to PWSD. The Guarantee Agreement further states that PWSD may draw on the Guarantee Funds at any time, including during the warranty period, to correct any problems with the PWSD Improvement not corrected by the District.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**PWSD Financial Guarantee and Improvements Agreements (Continued)**

The January 5, 2018, PWSD Guarantee Agreement was specifically for the construction of the RidgeGate Parkway Water Main, which was identified as four individual projects with Total Estimated Costs of \$2,917,237, and the Guarantee amount of \$583,447. The District paid the full Surety amount of \$3,500,685 for the four projects to PWSD during January and February of 2018. The District received the Releases of the Total Estimated Costs of \$2,917,237 for the four projects of the RidgeGate Parkway Water Main from PWSD during March through August of 2018. The District received a letter of initial acceptance of the RidgeGate Parkway Water Main project from PWSD on August 2, 2018, which starts the two-year warranty period. As of December 31, 2019, the 20% Guarantee on the RidgeGate Parkway Water Main project is still being held by PWSD in the amount of \$583,447.

The District and PWSD entered into the second set of interrelated agreements, the first being the Cash in Lieu of Letter of Credit Financial Guarantee Agreement (RidgeGate Parkway – Phase 2) on May 16, 2019, followed by the Water and /or Sewer Main Improvement Agreement for RidgeGate Parkway Phase II on May 23, 2019, both of which were specifically for the construction of the RidgeGate Parkway Phase 2 - Water and Sanitary Sewer Mains Project, with Total Estimated Costs of \$1,109,316, and the Guarantee amount of \$221,863. The District paid the full Surety amount of \$1,331,179 to PWSD on May 20, 2019. The District received the first Release of 25% of the Total Estimated Costs of \$277,329 from PWSD on November 25, 2019. As of December 31, 2019, PWSD was still holding \$1,053,850 of the Surety on the RidgeGate Parkway Phase 2 - Water and Sanitary Sewer Mains Project.

These were the only two projects the District was constructing within the PWSD boundaries during 2019; therefore, as of December 31, 2019, the District had total Surety funds on deposit with PWSD in the amount of \$1,637,297.

**City IGAs Regarding the RidgeGate Parkway Widening Project**

On September 18, 2018, the City entered into five consolidated Intergovernmental Agreements Regarding the RidgeGate Parkway Widening Project (RGPW Project), (City RG Parkway IGAs). The first of the City RG Parkway IGAs was a State of Colorado Intergovernmental Contract with the Colorado Department of Transportation (CDOT) for the construction of Phase 2 of the RGPW Project, establishing the City as the Local Agency. Three of the City RG Parkway IGAs were with individual partners to provide the local funding for the RGPW Project: Douglas County, the Southeast Public Improvement Metropolitan District (SPIMD), and the District. The District Intergovernmental Agreement Concerning Construction Funding and Management - RidgeGate Parkway Widening Project, the (District RGPW Funding IGA) identifies that the "Total Construction Costs" for the RGPW Project are estimated at \$26,900,000, with the funding amounts to be provided by each participating party, the RRMD District Contribution is stated as being \$15,500,000. However the District RGPW Funding IGA states that prior to the award of the Phase 2 construction contract the District is to deposit funding to the City in the amount of the Total Construction Costs, less any funding partner contributions received by the City. The actual amount Rampart Range was required to fund was \$8,418,507.75, which was paid to the City on May 6, 2019.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**City IGAs Regarding the RidgeGate Parkway Widening Project (Continued)**

In addition to the funding aspect, the District is also responsible for providing RGPW Project design right-of-way plans and bid documents, construction management, record keeping, materials testing, and other services, all to be provided at the District's own expense. The Total Construction Costs do not include costs for construction administration services to be performed by the City, and the District is to reimburse the City for such costs up to a maximum of \$100,000. The fifth of the City RG Parkway IGAs is the District Project Management Work Allocation Agreement – RidgeGate Parkway which further defines the responsibilities of the City and the District regarding certain aspects of the management associated with the RGPW Project.

As discussed above in the Capital Funding and Reimbursement Agreement – West-Side section under Developer Advances (Note 6 - Long-Term Obligations), on July 8, 2019, the District received a cost benefit analysis report from Ranger Engineering recommending a total RGPW Project costs allocation split of 75% to the West-Side Districts and 25% to the East-Side Districts, and effective as of October 31, 2019, the District entered into a Fifth Amendment to the Amended and Restated Capital Funding and Reimbursement Agreement – West Side along with a Third Amendment to the Capital Funding and Reimbursement Agreement – East Side, to re-allocate the funding amounts for the RGPW Project.

Total costs incurred on the RGPW Project during 2017 were \$415,782, and total costs incurred during 2018 were \$1,127,392, all of which were District provided design and construction management costs and were expensed in the Capital Projects – East Side Fund. During 2019, total costs incurred on the RGPW Project equalled \$10,020,710, of which \$8,550,545 was actual construction costs, \$1,442,214 was District provided design and construction management costs and \$27,951 was construction administration services performed by the City and reimbursed by the District. Initially all of the costs incurred during 2019 were expensed in the Capital Projects – East Side Fund, except for \$180 which was expensed in the Capital Projects – West Side Fund. Total RGPW Project costs from inception in 2017 through December 31, 2019 were \$11,563,884; however, only \$10,454,568 of these costs were to be shared. A journal entry dated October 31, 2019, moved expenses equal to the funding transfer amount of \$6,420,513 to the Capital Projects – West Side Fund, and a second journal entry dated December 31, 2019, moved another \$1,420,233 to the Capital Projects – West Side Fund. As of December 31, 2019, total RGPW Project costs of \$7,840,926 were expensed in the Capital Projects – West Side Fund, equal to 75% of the total costs to be shared since inception of the project.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9 AGREEMENTS (CONTINUED)**

**Cost Sharing IGA Regarding Crosswalk Improvements**

Dated June 26, 2019, the District approved, and on August 5, 2019, the City accepted and approved the Cost Sharing Intergovernmental Agreement Regarding Crosswalk Improvements (the Crosswalk IGA). The West-Side Agreement directed that the City accept all streets, sidewalks, etc., from the District and released the District from any future costs associated with the same, except for improvements that are defined in the agreement as Upgrades. During 2019, the City put together a multi-year plan to repair and/or replace many of the intersections or crosswalks within RidgeGate, establishing that these crosswalks are Upgrades, and that the District is responsible for the Marginal Costs. The Crosswalk IGA establishes the City's intent to make these repairs over time and releases the District from any future costs for this project for a one-time \$470,000 "Cash Contribution". The District paid \$470,000 on September 13, 2019.

**NOTE 10 RISK MANAGEMENT**

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

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

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

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

As of December 31, 2019, the District had unexpended construction related contract commitments of \$513,170.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS**

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. On November 7, 2000, a majority of the District's electors approved an election question to remove limits on the amount of all revenues, excluding revenues generated from ad valorem taxes, the District is allowed to collect and spend or retain without regard to any limitations under TABOR.

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 May 4, 2004, District voters passed an election question to increase property taxes \$500,000 annually, without limitation of rate, to pay the District's operational and maintenance costs. On November 1, 2005, District voters passed an election question to increase property taxes \$5,000,000 annually, without limitation of rate, to pay the District's operational and maintenance costs.

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

**NOTE 13 SUBSEQUENT EVENTS**

Through 2019, the District maintained all of the parks and open space areas it has constructed. However, for the East Side Districts, most of the major parks that will be constructed will be done jointly by the City and South Suburban Park and Recreation District (SSPRD). The City will own the parks, but SSPRD will construct and maintain them. The District had been in negotiations with the City and SSPRD to take ownership of some of the West Side parks and open space areas since 2018. In July and later of 2020, these negotiations were completed. On July 31, 2020, the District sent signed copies of bargain and sale deeds to convey the following areas to the City, and the City will file these documents with the County:

- Belvedere Park,
- Lincoln Commons Park,
- Promenade Park, and
- Various open space areas.

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 13 SUBSEQUENT EVENTS (CONTINUED)**

On July 23, 2020, the District and SSPRD entered into a Maintenance Services and Reimbursement Agreement (the West Side Parks Maintenance Agreement). According to the West Side Parks Maintenance Agreement: (1) the District agrees to continue to contract to provide the operations and maintenance services identified on behalf of SSPRD; these services include among others, general landscape maintenance such as mowing, special plant services, watering and irrigation system repairs as well as snow removal on the hardscape pedestrian paths within the parks. SSPRD will have the right to approve the contractor and any additional services that contractor will provide, and will be obligated to either pay the contractor directly for these services or to reimburse the District for such costs; (2) the District will also continue to provide and pay for the irrigation of the parks, but SSPRD will reimburse the District for 24.50% of those costs on the identified areas; and finally, (3) SSPRD shall provide for the electric metering within the parks and shall invoice the District for reimbursement of 5.0% of those costs. The West Side Parks Maintenance Agreement shall commence on the dated date and will renew annually on January 1 of each year unless terminated by mutual agreement.

**SUPPLEMENTARY INFORMATION**

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
IGA Revenue #2 - Property Taxes (Net)	\$ 877,958	\$ 877,958	\$ 877,664	\$ (294)
IGA Revenue #2 - Specific Ownership Tax	98,048	89,458	89,401	(57)
IGA Revenue #2 - Property Tax Interest	1,260	478	678	200
IGA Revenue #7 - Property Taxes (Net)	7,268,608	7,268,609	7,268,241	(368)
IGA Revenue #7 - Specific Ownership Tax	811,720	728,334	740,143	11,809
IGA Revenue #7 - Property Tax Interest	2,252	2,500	2,322	(178)
PIF Revenue	1,530,000	1,445,000	1,433,584	(11,416)
Sales Tax Rebate Revenue	890,000	850,000	876,239	26,239
Net Investment Income	390,154	436,844	428,729	(8,115)
Total Revenues	<u>11,870,000</u>	<u>11,699,181</u>	<u>11,717,001</u>	<u>17,820</u>
<b>EXPENDITURES</b>				
Accounting	20,000	13,500	13,209	291
Financial Analysis / Debt Restructuring	40,000	10,655	5,137	5,518
Paying Agent Fees	2,500	2,500	2,500	-
PIF Collection Expense	30,000	35,490	30,334	5,156
Debt Service:				
Bond Interest Expense - Series 2017	7,144,312	7,144,312	7,144,312	-
Bond Principal Expense - Series 2017	3,825,000	3,825,000	3,825,000	-
Loan Interest Expense - Series 2019 Note	-	245,885	245,885	-
Loan- Series 2019 Note Bank Fees	-	2,500	-	2,500
Bond / Loan Issuance Costs	-	190,460	190,460	-
Contingency	3,188	-	-	-
Total Expenditures	<u>11,065,000</u>	<u>11,470,302</u>	<u>11,456,837</u>	<u>13,465</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	805,000	228,879	260,164	31,285
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan Issuance - 2019 Subordinate Note	-	9,200,000	9,200,000	-
Repayment - Developer Advance Interest	-	(416,628)	(416,628)	-
Repayment - Developer Advance Principal	-	(7,656,725)	(7,656,725)	-
Transfer to Other Funds	(2,585,000)	(6,576,345)	(6,576,345)	-
Total Other Financing Sources (Uses)	<u>(2,585,000)</u>	<u>(5,449,698)</u>	<u>(5,449,698)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,780,000)	(5,220,819)	(5,189,534)	31,285
Fund Balance - Beginning of Year	<u>18,530,000</u>	<u>18,520,819</u>	<u>18,520,819</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 16,750,000</u>	<u>\$ 13,300,000</u>	<u>\$ 13,331,285</u>	<u>\$ 31,285</u>

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS – WEST SIDE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
IGA Revenue #7 - Development Fees	\$ 211,200	\$ 210,408	\$ 177,288	\$ (33,120)
Net Investment Income	1,300	2,954	5,703	2,749
Total Revenues	<u>212,500</u>	<u>213,362</u>	<u>182,991</u>	<u>(30,371)</u>
<b>EXPENDITURES</b>				
General and Administrative:				
Accounting	23,000	35,000	42,546	(7,546)
District Management	22,000	15,000	13,734	1,266
Financial Analysis / Debt Restructuring	-	5,000	3,862	1,138
Legal	23,000	17,000	14,906	2,094
Capital Projects - West Side:				
Construction Management	15,000	11,000	9,537	1,463
Landscape Maintenance	8,500	5,000	344	4,656
Sign and "Upgrades" Maintenance	-	470,000	470,000	-
Engineering	-	941	675	266
Planning/Design	50,000	26,000	30,714	(4,714)
Capital Outlay - West Side:				
Communication Systems	15,800	22,000	20,887	1,113
Landscaping	545,000	210,000	183,933	26,067
Parks and Trails	20,000	60,000	54,579	5,421
Streets	25,000	35,000	10,577	24,423
Streets - RidgeGate Parkway Expansion	-	7,920,000	7,840,926	79,074
Streetscape	565,200	250,000	238,134	11,866
Contingency	15,000	-	-	-
Total Expenditures	<u>1,327,500</u>	<u>9,081,941</u>	<u>8,935,354</u>	<u>146,587</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,115,000)	(8,868,579)	(8,752,363)	116,216
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advances	-	7,445,000	6,945,513	(499,487)
Repayment - Developer Advance Interest	-	(125,802)	(125,802)	-
Repayment - Developer Advance Principal	-	(3,762,257)	(3,762,257)	-
Transfer from Other Funds	1,235,000	5,976,345	5,976,345	-
Total Other Financing Sources (Uses)	<u>1,235,000</u>	<u>9,533,286</u>	<u>9,033,799</u>	<u>(499,487)</u>
<b>NET CHANGE IN FUND BALANCE</b>	120,000	664,707	281,436	(383,271)
Fund Balance - Beginning of Year	<u>-</u>	<u>22,793</u>	<u>22,793</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 120,000</u>	<u>\$ 687,500</u>	<u>\$ 304,229</u>	<u>\$ (383,271)</u>

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS – EAST SIDE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Net Investment Income	\$ 195,000	\$ 41,415	\$ (153,585)
Total Revenues	195,000	41,415	(153,585)
<b>EXPENDITURES</b>			
General and Administrative:			
Accounting	180,000	164,300	15,700
District Management	70,000	81,144	(11,144)
Dues and Licenses	-	450	(450)
Financial Analysis / Debt Restructuring	50,000	3,675	46,325
Legal	140,000	72,906	67,094
Capital Projects - East Side:			
Construction Management	75,000	16,986	58,014
Engineering	25,000	1,807	23,193
Miscellaneous	10,000	3,758	6,242
Planning/Design - East Side	400,000	170,132	229,868
Capital Outlay - East Side:			
East-Side Capital Assets	50,000	42,183	7,817
Grading	1,000,000	-	1,000,000
Sanitary Sewer	11,000,000	562,132	10,437,868
Sewer - Badger Gulch Sanitary Outfall	-	5,600	(5,600)
Streets - RidgeGate Parkway Expansion	14,225,000	2,179,784	12,045,216
Streets - RG Station TOD Improvements	-	175,119	(175,119)
Streets - Sky Ridge Bridge	600,000	243,975	356,025
Water	100,000	-	100,000
Water - RidgeGate Parkway Water Main	1,000,000	50,413	949,587
Contingency	75,000	-	75,000
Total Expenditures	29,000,000	3,774,364	25,225,636
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	(28,805,000)	(3,732,949)	25,072,051
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances - East Capital	28,500,000	6,834,487	(21,665,513)
Transfer to Other Funds	-	(750,000)	(750,000)
Total Other Financing Sources (Uses)	28,500,000	6,084,487	(22,415,513)
<b>NET CHANGE IN FUND BALANCE</b>			
	(305,000)	2,351,538	2,656,538
Fund Balance - Beginning of Year	1,305,000	1,340,874	35,874
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,000,000</b>	<b>\$ 3,692,412</b>	<b>\$ 2,692,412</b>

## **OTHER INFORMATION**

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE SCHEDULE OF SERIES 2017 BONDS OUTSTANDING  
DECEMBER 31, 2019**

**LIMITED TAX SUPPORTED AND SPECIAL REVENUE  
REFUNDING AND IMPROVEMENT BONDS, SERIES 2017**

\$99,305,000 Term Bond Due 12/01/2037 at Interest Rate of 3.020%

\$37,215,000 Term Bond Due 12/01/2042 at Interest Rate of 5.000%

\$47,500,000 Term Bond Due 12/01/2047 at Interest Rate of 5.000%

Interest calculated on a 360-day year of twelve 30-day months.

INTEREST PAYMENTS Due on JUNE 1 and DECEMBER 1

PRINCIPAL PAYMENTS Due on DECEMBER 1

Due Date	Principal	Interest Rate	Interest	Annual Debt Service
2020	\$ 3,945,000	3.020%	\$ 7,028,797	\$ 10,973,797
2021	4,060,000	3.020%	6,909,658	10,969,658
2022	4,185,000	3.020%	6,787,046	10,972,046
2023	4,310,000	3.020%	6,660,659	10,970,659
2024	4,440,000	3.020%	6,530,497	10,970,497
2025	4,575,000	3.020%	6,396,409	10,971,409
2026	4,715,000	3.020%	6,258,244	10,973,244
2027	4,855,000	3.020%	6,115,851	10,970,851
2028	5,000,000	3.020%	5,969,230	10,969,230
2029	5,155,000	3.020%	5,818,230	10,973,230
2030	5,310,000	3.020%	5,662,549	10,972,549
2031	5,470,000	3.020%	5,502,187	10,972,187
2032	5,635,000	3.020%	5,336,993	10,971,993
2033	5,805,000	3.020%	5,166,816	10,971,816
2034	5,980,000	3.020%	4,991,505	10,971,505
2035	6,160,000	3.020%	4,810,909	10,970,909
2036	6,345,000	3.020%	4,624,877	10,969,877
2037	6,540,000	3.020%	4,433,258	10,973,258
2038	6,735,000	5.000%	4,235,750	10,970,750
2039	7,075,000	5.000%	3,899,000	10,974,000
2040	7,425,000	5.000%	3,545,250	10,970,250
2041	7,795,000	5.000%	3,174,000	10,969,000
2042	8,185,000	5.000%	2,784,250	10,969,250
2043	8,595,000	5.000%	2,375,000	10,970,000
2044	9,025,000	5.000%	1,945,250	10,970,250
2045	9,480,000	5.000%	1,494,000	10,974,000
2046	9,950,000	5.000%	1,020,000	10,970,000
2047	10,450,000	5.000%	522,500	10,972,500
	\$ 177,200,000		\$ 129,998,715	\$ 307,198,715

**RAMPART RANGE METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE SCHEDULE OF 2019 SUBORDINATE LOAN OUTSTANDING  
DECEMBER 31, 2019**

<p><b>SUBORDINATE LIMITED TAX SUPPORTED AND SPECIAL REVENUE LOAN, SERIES 2019</b></p> <p>\$9,200,000 Promissary Note Due 12/15/2030 at Interest Rate of 4.560% Interest calculated on a 360-day year of twelve 30-day months. INTEREST and PRINCIPAL PAYMENTS Due on DECEMBER 15</p>
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Due Date	Principal	Interest Rate	Interest	Annual Debt Service
2020	\$ 306,000	4.560%	\$ 419,520	\$ 725,520
2021	324,000	4.560%	405,566	729,566
2022	572,000	4.560%	390,792	962,792
2023	599,000	4.560%	364,709	963,709
2024	548,000	4.560%	337,394	885,394
2025	572,000	4.560%	312,406	884,406
2026	844,000	4.560%	286,322	1,130,322
2027	885,000	4.560%	247,836	1,132,836
2028	1,180,000	4.560%	207,480	1,387,480
2029	1,070,000	4.560%	153,672	1,223,672
2030	2,300,000	4.560%	104,880	2,404,880
	<b>\$ 9,200,000</b>		<b>\$ 3,230,578</b>	<b>\$ 12,430,578</b>