

**NORTH RANGE METROPOLITAN  
DISTRICT NO. 3  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**


**YEAR ENDED DECEMBER 31, 2021**

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2021**

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>5</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>6</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>24</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND     ACTUAL</b>	<b>25</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>27</b>
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>28</b>



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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors

North Range Metropolitan District No. 3  
Denver County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of North Range Metropolitan District No. 3 (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North Range Metropolitan District No. 3, as of December 31, 2021, and the respective changes in financial position 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.

### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Range Metropolitan District No. 3 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Range Metropolitan District No. 3's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Range Metropolitan District No. 3's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Range Metropolitan District No. 3's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

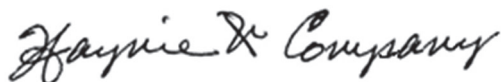
#### *Required Supplementary Information*

Management has omitted the 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 North Range Metropolitan District No. 3's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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. Such 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado  
April 6, 2022

## **BASIC FINANCIAL STATEMENTS**

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Governmental Activities
<b>ASSETS</b>	
Investments	\$ 11
Investments - Restricted	9,026,243
Receivable from County Treasurer	11
Due from Other Governments	513,000
Property Taxes Receivable	745,959
Total Assets	10,285,224
<b>LIABILITIES</b>	
Accounts Payable	7,000
Due to Other Governments	14
Accrued Interest Payable	221,029
Noncurrent Liabilities:	
Due in More Than One Year	51,115,000
Total Liabilities	51,343,043
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	745,959
Total Deferred Inflows of Resources	745,959
<b>NET POSITION</b>	
Restricted for:	
Emergency	400
Debt Service	1,850,603
Unrestricted	(43,654,781)
Total Net Position	\$ (41,803,778)

See accompanying Notes to Basic Financial Statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 7,460	\$ -	\$ -	\$ -	\$ (7,460)
Intergovernmental	3,551	-	-	-	(3,551)
Interest on Long-Term Debt and Related costs	10,221,364	-	-	1,721,400	(8,499,964)
Total Governmental Activities	\$ 10,232,375	\$ -	\$ -	\$ 1,721,400	(8,510,975)
 <b>GENERAL REVENUES</b>					
Property Taxes					38,600
Specific Ownership Taxes					151
Net Investment Income					4,988
Total General Revenues					43,739
<b>CHANGE IN NET POSITION</b>					(8,467,236)
Net Position - Beginning of Year					(33,336,542)
<b>NET POSITION - END OF YEAR</b>					\$ (41,803,778)

See accompanying Notes to Basic Financial Statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Investments	\$ 11	\$ -	\$ -	\$ 11
Investments - Restricted	400	9,025,843	-	9,026,243
Receivable from County Treasurer	3	8	-	11
Due from Other Governments	-	513,000	-	513,000
Property Taxes Receivable	205,442	540,517	-	745,959
Total Assets	\$ 205,856	\$ 10,079,368	\$ -	\$ 10,285,224
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 7,000	\$ -	7,000
Due to Reunion	14	-	-	14
Total Liabilities	14	7,000	-	7,014
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	205,442	540,517	-	745,959
Total Deferred Inflows of Resources	205,442	540,517	-	745,959
<b>FUND BALANCES</b>				
Restricted for:				
Emergency Reserve (TABOR)	400	-	-	400
Debt Service	-	9,531,851	-	9,531,851
Total Fund Balances	400	9,531,851	-	9,532,251
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 205,856	\$ 10,079,368	\$ -	

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

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not in the funds.

Bonds Payable	(51,115,000)
Accrued Bond Interest Payable	(221,029)
Net Position of Governmental Activities	\$ (41,803,778)

See accompanying Notes to Basic Financial Statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 10,631	\$ 27,969	\$ -	\$ 38,600
Specific Ownership Tax	41	110	-	151
Net Investment Income	1	3,765	1,222	4,988
System Development Fee	-	1,721,400	-	1,721,400
Total Revenues	<u>10,673</u>	<u>1,753,244</u>	<u>1,222</u>	<u>1,765,139</u>
<b>EXPENDITURES</b>				
Current:				
County Treasurer's Fee	159	-	-	159
Audits	4,000	-	-	4,000
Dues and Memberships	281	-	-	281
Insurance and Bonds	3,020	-	-	3,020
Intergovernmental - Reunion Operations	3,551	-	-	3,551
Debt Service:				
County Treasurer's Fee	-	420	-	420
Bond Interest - Series 2020A	-	2,652,350	-	2,652,350
Capital Projects:				
Cost of Issuance	-	-	300	300
Transfers to Reunion	-	-	7,561,294	7,561,294
Total Expenditures	<u>11,011</u>	<u>2,659,770</u>	<u>7,561,594</u>	<u>10,232,375</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(338)</u>	<u>(906,526)</u>	<u>(7,560,372)</u>	<u>(8,467,236)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (to) from Other Fund	-	2,011	(2,011)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,011</u>	<u>(2,011)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(338)	(904,515)	(7,562,383)	(8,467,236)
Fund Balances - Beginning of Year	<u>738</u>	<u>10,436,366</u>	<u>7,562,383</u>	<u>17,999,487</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 400</u>	<u>\$ 9,531,851</u>	<u>\$ -</u>	<u>\$ 9,532,251</u>

See accompanying Notes to Basic Financial Statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
GENERAL FUND –  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 10,633	\$ 10,631	\$ (2)
Specific Ownership Tax	744	41	(703)
Net Investment Income	15	1	(14)
Other Income	291	-	(291)
Total Revenues	<u>11,683</u>	<u>10,673</u>	<u>(1,010)</u>
<b>EXPENDITURES</b>			
Current:			
County Treasurer's Fee	159	159	-
Intergovernmental - Reunion Operations	6,050	3,551	2,499
Audit	3,000	4,000	(1,000)
Dues and Memberships	1,000	281	719
Legal Services	3,000	-	3,000
Insurance and Bonds	3,500	3,020	480
Contingency	291	-	291
Total Expenditures	<u>17,000</u>	<u>11,011</u>	<u>5,989</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,317)	(338)	4,979
Fund Balance - Beginning of Year	<u>5,717</u>	<u>738</u>	<u>(4,979)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

North Range Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Court Order and Decree of the District Court on December 31, 2001 and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article 1, Colorado Revised Statutes. The District's service area is located within the city of Commerce City, Adams County, Colorado. The District was organized in conjunction with North Range Metropolitan District Nos. 1, 2, 4, and 5 (collectively, NRMD's), and the Reunion Metropolitan District (Reunion). Reunion and the NRMD's have entered into intergovernmental agreements whereby Reunion may provide the construction for street improvements, storm drainage improvements, safety protection facilities, water and wastewater improvements, sanitation, park and recreation transportation, and mosquito control. NRMD No. 5 is not a party to the District Operating Services Agreement or the MLEPA agreement. The service plan anticipates that Reunion will be responsible for managing the construction, operation, and maintenance of such improvements and facilities and that the NRMD's will provide the necessary funding for the improvements.

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 contracts for all of its management and professional services.

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

**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.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**Government-Wide and Fund Financial Statements (Continued)**

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 instead as general revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The major sources of revenue susceptible to accrual are property taxes. Development fees are recorded as revenue when received. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

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.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

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

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

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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, 2021.

**Pooled Cash**

The District follows the practice of pooling cash and investments of all funds to maximize interest 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.

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

**NORTH RANGE METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**Capital Assets**

Capital assets, which include infrastructure (e.g. streets), are reported in the applicable governmental activities column 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 component of the District's net position.

**Deferred Inflows/Outflows of Resources**

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

**Equity**

**Net Position**

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

**Fund Balance**

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

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

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

**NORTH RANGE METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**Equity (Continued)**

**Fund Balance (Continued)**

*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**

Investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Investments	\$ 11
Investments - Restricted	<u>9,026,243</u>
Total Cash and Investments	<u><u>\$ 9,026,254</u></u>

**Deposits with Financial Institutions**

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

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

At December 31, 2021, the District did not have any cash deposits.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2021**

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

**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

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 9,026,254</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust) an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. treasury securities and repurchase agreements collateralized by U.S. treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Retirements/ Refunding	Balance at December 31, 2021	Due Within One Year
Bonds Payable					
General Obligation Bonds Payable:					
Series 2020A	\$ 51,115,000	\$ -	\$ -	\$ 51,115,000	\$ -
Subtotal of Bonds Payable	51,115,000	-	-	51,115,000	-
Total Long-Term Obligations	<u>\$ 51,115,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,115,000</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2021 are as follows:

**Limited Tax General Obligation Bonds, Series 2020A(3) and Subordinate Limited Tax General Obligation Bonds, Series 2020B(3)**

**Bond Proceeds**

The District issued the Limited Tax General Obligation Bonds, Series 2020A(3) (Senior Bonds) on November 6, 2020, in the par amount of \$51,115,000.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Bonds, Series 2020A(3) and Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) (Continued)**

Bond Proceeds (Continued)

The Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) (Subordinate Bonds) were not issued upon closing of the Senior Bonds; rather, the District authorized the issuance of the Subordinate Bonds on a drawdown basis in the future of up to the maximum principal amount of \$4,451,000. The Subordinate Bonds will be issued in satisfaction of the obligations of the Reunion Metropolitan District incurred under a Funding and Reimbursement Agreement (Capital), which the District is obligated to repay in accordance with the Mill Levy Equalization and Pledge Agreement (MLEPA) as discussed below.

Proceeds from the sale of the Senior Bonds were used to reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development. A portion of the proceeds of the Senior Bonds were also used to fund: (a) the Reserve Fund, (b) capitalized interest on the Senior Bonds, and (c) the costs of issuing the Bonds.

Senior Bonds Details

The Senior Bonds were issued as two term bonds that bear interest at 5.000% and 5.250%, respectively, payable semiannually on June 1 and December 1 (each an "Interest Payment Date"), beginning on December 1, 2020, to the extent of available Senior Pledged Revenue. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2026. The term bonds mature on December 1, 2040 and on December 1, 2050, respectively. To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid.

To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Senior Bond.

Senior Bonds Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025, to November 30, 2026	3.00%
December 1, 2026, to November 30, 2027	2.00
December 1, 2027, to November 30, 2028	1.00
December 1, 2028, and thereafter	0.00

**NORTH RANGE METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Bonds, Series 2020A(3) and Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) (Continued)**

Senior Bonds Pledged Revenue

The Senior Bonds are secured by Senior Pledged Revenue which means: (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; (c) all Pledged Fees; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

“Senior Property Tax Revenues” means all moneys derived from imposition by the District of the Senior Required Mill Levy. Senior Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County and do not include specific ownership tax revenues.

“Senior Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the District as a result of its imposition of the Senior Required Mill Levy.

“Pledged Fees” means the first \$2,850 of the System Development Fee collected from residential units and pledged by the Reunion Metropolitan District to the District pursuant to a Pledge Agreement. If the System Development Fee is less than \$2,850 per residential unit, then the full amount of such System Development Fee is to be remitted by the Reunion Metropolitan District to the District.

Senior Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy upon all taxable property of the District each year in an amount that generates Senior Property Tax Revenues sufficient to pay the Senior Bonds when due and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after August 6, 2001).

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy is to be equal to 50 mills (subject to adjustment), or such lesser amount that will generate Senior Property Tax Revenues (a) sufficient to pay the principal of, premium if any, and interest on the Senior Bonds when due, to replenish the Reserve Fund to the Reserve Requirement, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (b) which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund and the Reserve Fund, will pay the Senior Bonds in full in the year such levy is collected. The maximum mill levy of 50 mills (as adjusted) is to be reduced by the number of mills necessary to pay unlimited mill levy debt.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Bonds, Series 2020A(3) and Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) (Continued)**

Additional Security

The Senior Bonds are additionally secured by capitalized interest which was funded from the proceeds of the Senior Bonds in the amount of \$5,488,891, by amounts in the Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Reserve Requirement of \$4,800,756 and by amounts, if any, in the Surplus Fund. The balance in the capitalized interest fund as of December 31, 2021, is \$2,659,463.

Amounts on deposit in the Reserve Fund on the final maturity date of the Senior Bonds shall be applied to the payment of the Senior Bonds on such date. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy to be imposed in the levy year prior to the year of final maturity of the Senior Bonds. The balance in the Reserve Fund as of December 31, 2021, is \$4,801,059.

Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year is to be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$5,111,500. Amounts on deposit in the Surplus Fund (if any) on the final maturity date of the Senior Bonds shall be applied to the payment of the Senior Bonds. The balance in the Surplus Fund as of December 31, 2021, is \$1,565,229.

Subordinate Bonds Details

The Subordinate Bonds will bear interest at the initial rate of 6.000% per annum, which rate will increase to 8.000% beginning December 16, 2025, and are payable annually on December 15, beginning December 15, 2020 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2050. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

On March 9, 2022, the District issued \$4,451,000 of principal, which has resulted in no remaining unauthorized and unissued amounts under the Series 2020B(3) Indenture. If any amount of principal or interest on the Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available on the Subordinate Bonds discharge date of December 15, 2060, such unpaid amount will be deemed discharged.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 LONG TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Bonds, Series 2020A(3) and Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) (Continued)**

Subordinate Bonds Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025, to November 30, 2026	3.00%
December 1, 2026, to November 30, 2027	2.00
December 1, 2027, to November 30, 2028	1.00
December 1, 2028, and thereafter	0.00

Subordinate Bonds Pledged Revenue

The Subordinate Bonds are secured by Subordinate Pledged Revenue which means: (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; (c) all Subordinate Pledged Fee Revenue; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

“Subordinate Property Tax Revenues” means all moneys derived from imposition by the District of the Subordinate Required Mill Levy and excludes Subordinate Specific Ownership Tax Revenues. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

“Subordinate Specific Ownership Tax Revenues” means the specific ownership taxes remitted to the District as a result of its imposition of the Subordinate Required Mill Levy.

“Subordinate Pledged Fee Revenue” means any revenue from Pledged Fees remaining after deduction of any amount applied to the payment of any Senior Obligations.

Subordinate Required Mill Levy

The District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount equal to (i) 50 mills (subject to adjustment for changes in the method of calculating assessed valuation after August 6, 2001) less the Senior Obligation Mill Levy, or (ii) such lesser amount that generates Subordinate Property Tax Revenues which will pay the Subordinate Bonds in full in the year such levy is collected. The Senior Obligation Mill Levy is the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 LONG TERM OBLIGATIONS (CONTINUED)**

**Limited Tax General Obligation Bonds, Series 2020A(3) and Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) (Continued)**

Senior Bonds Debt Service

The outstanding principal and interest of the Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Bonded Debt		
	Principal	Interest	Total
2022	\$ -	\$ 2,652,350	\$ 2,652,350
2023	-	2,652,350	2,652,350
2024	-	2,652,350	2,652,350
2025	-	2,652,350	2,652,350
2026	30,000	2,652,350	2,682,350
2027-2031	1,470,000	13,155,750	14,625,750
2032-2036	4,500,000	12,507,000	17,007,000
2037-2041	8,535,000	11,005,000	19,540,000
2042-2046	14,505,000	8,224,651	22,729,651
2047-2050	22,075,000	3,379,164	25,454,164
Total	<u>\$ 51,115,000</u>	<u>\$ 61,533,315</u>	<u>\$ 112,648,315</u>

**Debt Authorization**

On November 6, 2001, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$684,000,000, at an interest rate not to exceed 18% per annum. Pursuant to Colorado state law, the Board has been made aware that because of the length of time that has passed since the 2001 authorization, they should not rely upon the validity of the 2001 authorization with respect to the unissued debt. The Board has adopted this position and considers the 2001 authorization to be stale with respect to unissued debt.

On November 4, 2014, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$840,000,000, at an interest rate not to exceed 18% per annum.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 LONG TERM OBLIGATIONS (CONTINUED)**

**Debt Authorization (Continued)**

At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts for the following purposes:

	Authorized November 6, 2001 Election	Authorized November 4, 2014 Election	Authorization Used, Series 2020 Bonds	Expiration November 6, 2001 Election	Remaining at December 31, 2021
Streets	\$ 110,168,085	\$ 88,000,000	\$ 33,107,000	\$ 77,061,085	\$ 88,000,000
Parks and Recreation	39,221,657	30,000,000	639,000	38,582,657	30,000,000
Water	94,647,131	80,000,000	8,516,000	86,131,131	80,000,000
Sanitation	35,963,127	24,000,000	8,853,000	27,110,127	24,000,000
Transportation	20,000,000	12,000,000	-	20,000,000	12,000,000
Mosquito Control	2,000,000	2,000,000	-	2,000,000	2,000,000
Safety Protection	-	5,000,000	-	-	5,000,000
Fire Protection	20,000,000	12,000,000	-	20,000,000	12,000,000
Television Relay	20,000,000	12,000,000	-	20,000,000	12,000,000
Security	-	5,000,000	-	-	5,000,000
Operations and Maintenance	-	10,000,000	-	-	10,000,000
Intergovernmental Agreements	-	280,000,000	-	-	280,000,000
Refunding	342,000,000	280,000,000	-	342,000,000	280,000,000
Total	<u>\$ 684,000,000</u>	<u>\$ 840,000,000</u>	<u>\$ 51,115,000</u>	<u>\$ 632,885,000</u>	<u>\$ 840,000,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$280,000,000.

In the future, the District may issue a portion of all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NOTE 5 NET POSITION**

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

The restricted component of net position includes assets that are restricted for use either externally imposed by auditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, as follows:

Restricted Net Position:	
Emergency Reserve	\$ 400
Debt Service	1,850,603
Total Restricted Net Position	<u>\$ 1,851,003</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5 NET POSITYION (CONTINUED)**

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to other governmental entities.

**NOTE 6 RELATED PARTIES**

**Developer**

The Developer of the property which constitutes the District is Shea Homes Limited Partnership. During 2017, Shea Homes sold the undeveloped property to Clayton Properties Group II, Inc. (the New Developer). Shea Homes will continue to develop and construct certain improvements on behalf of the District. The members of the Board of Directors are employees, owners, or otherwise associated with the Developer or the New Developer and may have conflicts of interest in dealing with the District.

**NOTE 7 INTERGOVERNMENTAL AGREEMENTS**

**Pledge Agreement**

Concurrently with the issuance of the 2020 Bonds, the District, Reunion, and the Trustee entered into a Capital Pledge Agreement dated November 1, 2020 whereby Reunion agrees to pay Pledge Agreement Revenue to the District for payment on the 2020 Bonds. Pledge Agreement Revenue is defined as City Agreement Revenue and System Development Fees.

**System Development Fees**

In accordance with a resolution of Reunion (the Reunion SDF Resolution dated December 6, 2001), property in the District is subject to system development fees (SDFs) imposed and collected by Reunion for the right to connect to or gain access to public infrastructure improvements within the Reunion Development. SDFs are collected by Reunion at the time a building permit is issued and are charged on a per unit basis. Pursuant to the Pledge Agreement, Reunion has pledged revenues collected from the first \$2,850 of each SDF to the District for the purposes of paying the Bonds. During 2021, the District, received \$1,718,550 in SDFs.

**Mill Levy Equalization and Pledge Agreement**

On June 3, 2016, the District entered into a Mill Levy Equalization and Pledge Agreement (MLEPA) with Reunion, District No. 1, District No. 2 and District No. 4 (collectively, the MLEPA Districts and individually, an MLEPA District) and was amended on May 1, 2017 in order to promote the integrated plan of development set forth in the Service Plans for the MLEPA Districts. The MLEPA is intended to ensure an equitable allocation among the MLEPA Districts of the costs of acquiring, installing, constructing, designing, administering, financing, operating, and maintaining streets, water, sanitation and various other public improvements (collectively, the Public Improvements) and services, as well as covenant enforcement services within Reunion.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

**Mill Levy Equalization and Pledge Agreement (Continued)**

Pursuant to the MLEPA, each applicable North Range District agrees to impose an Equalization Mill Levy consisting of the Debt Service Mill Levy plus the Operations and Maintenance Mill Levy in order to pay the Developer Debt, the Senior Bonds, the Reunion Debt, and the operations and maintenance costs of the Districts. The MLEPA generally defines the term Developer Debt as (i) amounts owed to the Developer by any applicable North Range District for advancing of guaranty payments on the Senior Bonds, for the provision of Public Improvements or for advancing of amounts to fund operations shortfalls and (ii) any other repayment obligation incurred by the MLEPA Districts in connection with advances made by the Developer to the MLEPA Districts for the purpose of paying the costs of designing, acquiring, installing, and constructing the Public Improvements or paying the operations and maintenance costs of the MLEPA Districts.

The MLEPA generally defines the term Senior Bonds as all bonds issued by the North Range Districts, now or in the future, which bonds shall be senior to any obligations of the North Range Districts under the MLEPA. The term Reunion Debt generally means all bonds, agreements or other financial obligations issued or incurred by Reunion or assumed by Reunion from any North Range District, specifically including the 2017 Reunion Bonds.

**District Operating Services Agreement**

On June 3, 2016 the District entered into the (the District Operating Services Agreement) with all Districts that are a party to the MLEPA as previously described. While the MLEPA sets forth the terms on which the District imposes the Equalization Mill Levy and transfers specified proceeds thereof to Reunion, the District Operating Services sets forth the obligations of Reunion with respect to such proceeds and with respect to its role as the Service District, as contemplated by the MLEPA Districts Service Plan. The District Operating Services Agreement states that, pursuant to the MLEPA Districts Service Plan, the MLEPA Districts are intended to coordinate their efforts with respect to all activities authorized by the MLEPA Districts Service Plan, including, without limitation, management and administration, structuring of financing, construction, and operations and maintenance of the public improvements necessary and appropriate for the development of Reunion (defined as the Public Improvements for purposes of the District Operating Services Agreement), with Reunion acting on behalf of the applicable North Range Districts to lead such coordination.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

**District Operating Services Agreement (Continued)**

In order to facilitate such coordination, the District Operating Services Agreement requires that Reunion provide Administrative Services and O&M Services to the applicable North Range Districts on the condition that the applicable North Range Districts observe and perform certain covenants and agreements and are not otherwise in default under the District Operating Services Agreement. Administrative Services as defined by the District Operating Services Agreement, includes, among other services, coordination of board meetings and financial reporting, insurance and election administration, budget preparation, supervision of contractors, investment oversight, coordination of professional services, and obtaining any and all governmental and/or administrative approvals necessary to the provision of the Public Improvements. O&M Services as defined by the District Operating Services Agreement includes the provision of the administrative services, and ownership, operation and maintenance of certain Public Improvements along with the Covenant Services. The District Operating Service Agreement also states that Reunion may provide architectural review and covenant enforcement services to property within the MLEPA Districts for the benefit of the MLEPA Districts through an agreement with an owners association, or as set forth in a declaration of covenants, conditions or restrictions, or similar instrument, as otherwise permitted by Title 32, C.R.S.

The District Operating Services Agreement further authorizes Reunion to establish from time to time a fair and equitable fee to provide a source of funding to pay for the O&M Services. Each applicable North Range District acknowledges in the District Operating Services Agreement that Reunion will make determinations as to the appropriate User Fees on an annual basis, taking into account mill levy revenues received under the MLEPA in each fiscal year. They further acknowledge that they shall be responsible for any and all costs, fees, charges, and expenses incurred by Reunion in providing the Administrative Services and O&M Services through the imposition of the Operations and Maintenance Mill Levy, as well as the Debt Service Mill Levy to the extent Reunion borrows revenues to pay the Operating Services. In the event revenues from the Operations and Maintenance Mill Levy received by Reunion under the MLEPA are not appropriated by the applicable North Range Districts or are otherwise insufficient to pay the costs for whatever reason, Reunion may impose User Fees to pay all such costs in accordance with the District Operating Services Agreement. Reunion agrees to apply revenues from the Operations and Maintenance Mill Levy received by it under the MLEPA to pay the costs of the Operating Services in accordance with the MLEPA and the District Operating Services Agreement.

**NOTE 8 INTERFUND TRANSFERS**

The District transferred from the Capital Projects Fund to the Debt Service Fund for the purposes of clearing out excess cost of issuance funds.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 9 RISK MANAGEMENT**

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

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

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

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

On November 7, 2000, and November 4, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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.

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

## **SUPPLEMENTARY INFORMATION**

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 27,975	\$ 27,969	\$ (6)
Specific Ownership Tax	1,958	110	(1,848)
Net Investment Income	22,000	3,765	(18,235)
Other Income	-	-	-
System Development Fee	786,600	1,721,400	934,800
Total Revenues	<u>838,533</u>	<u>1,753,244</u>	<u>914,711</u>
<b>EXPENDITURES</b>			
Current:			
County Treasurer's Fee	420	420	-
Bond Interest - Series 2020A	2,652,350	2,652,350	-
Contingency	12,680	-	12,680
Paying Agent Fees	7,000	7,000	-
Total Expenditures	<u>2,672,450</u>	<u>2,659,770</u>	<u>12,680</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,833,917)	(906,526)	927,391
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer (to) from Other Fund	-	2,011	2,011
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,011</u>	<u>2,011</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,833,917)	(904,515)	929,402
Fund Balance - Beginning of Year	<u>10,164,300</u>	<u>10,436,366</u>	<u>272,066</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 8,330,383</u>	<u>\$ 9,531,851</u>	<u>\$ 1,201,468</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Net Investment Income	\$ -	\$ 1,222	\$ 1,222	\$ -
Bond Proceeds	4,451,000	-	-	-
Total Revenues	4,451,000	1,222	1,222	-
<b>EXPENDITURES</b>				
Cost of Issuance	-	300	300	-
Transfer to Reunion	4,451,000	7,561,294	7,561,294	-
Total Expenditures	-	7,561,594	7,561,594	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	4,451,000	(7,560,372)	(7,560,372)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (to) from Other Fund	-	(2,011)	(2,011)	-
Total Other Financing Sources (Uses)	-	(2,011)	(2,011)	-
<b>NET CHANGE IN FUND BALANCE</b>	4,451,000	(7,562,383)	(7,562,383)	-
Fund Balance - Beginning of Year	-	7,562,383	7,562,383	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 4,451,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **OTHER INFORMATION**

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2021**

\$51,115,000 General Obligation Bonds Series 2020A(3) Dated November 6, 2020 Principal due December 1 Interest Rates 5.000 - 5.250% Payable June 1 and December 1			
Year Ending December 31,	Principal	Interest	Total
2022	\$ -	\$ 2,652,350	\$ 2,652,350
2023	-	2,652,350	2,652,350
2024	-	2,652,350	2,652,350
2025	-	2,652,350	2,652,350
2026	30,000	2,652,350	2,682,350
2027	75,000	2,650,850	2,725,850
2028	240,000	2,647,100	2,887,100
2029	255,000	2,635,100	2,890,100
2030	440,000	2,622,350	3,062,350
2031	460,000	2,600,350	3,060,350
2032	665,000	2,577,350	3,242,350
2033	700,000	2,544,100	3,244,100
2034	930,000	2,509,100	3,439,100
2035	975,000	2,462,600	3,437,600
2036	1,230,000	2,413,850	3,643,850
2037	1,290,000	2,352,350	3,642,350
2038	1,570,000	2,287,850	3,857,850
2039	1,650,000	2,209,350	3,859,350
2040	1,965,000	2,126,850	4,091,850
2041	2,060,000	2,028,600	4,088,600
2042	2,415,000	1,920,450	4,335,450
2043	2,540,000	1,793,663	4,333,663
2044	2,935,000	1,660,313	4,595,313
2045	3,090,000	1,506,225	4,596,225
2046	3,525,000	1,344,000	4,869,000
2047	3,710,000	1,158,938	4,868,938
2048	4,195,000	964,163	5,159,163
2049	4,415,000	743,925	5,158,925
2050	9,755,000	512,138	10,267,138
Total	\$ 51,115,000	\$ 61,533,315	\$ 112,648,315

**NORTH RANGE METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2021**

Year Ended December 31,		Assessed Valuation for Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
Assessment Year	Collection Year			Levied	Collected	
2016	2017			\$ 371,520	79.875	
2017	2018	409,060	88.305	36,122	36,122	100.00
2018	2019	19,870	88.305	1,755	1,755	100.00
2019	2020	20,590	88.305	1,818	1,818	100.00
2020	2021	437,210	88.306	38,608	38,600	99.98
Estimated for the Year Ending December 31, 2021		\$ 8,447,430	88.306	\$ 745,959		

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy if delinquent taxes are collected.