

Range View Estates Metropolitan District

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Range View Estates Metropolitan District
Weld County, Colorado

Opinion

We have audited the financial statements of governmental activities and the governmental funds of the Range View Estates Metropolitan District (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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the governmental funds of the Range View Estates Metropolitan District as of December 31, 2021, 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 Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

1745 Shea Center Drive, Suite 400
Highlands Ranch, CO 80129
720/344-4938

1660 Marlands Lane
Minocqua, WI 54548
715/356-6860

206/888-2716 – fax
www.marcjamescpa.com

Auditor's Responsibilities for the Audit of the Financial Statements - continued

In performing an audit in accordance with US GAAS, we:

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

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

Other Matters

Required Supplementary Information

The Board of Directors has elected to omit the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the 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 omitted information.

Supplementary Information

Our audit was conducted with the purpose of forming an opinion on the basic financial statements of the Range View Estates Metropolitan District taken as a whole. The supplementary information on pages 23 and 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management of the District and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to our auditing procedures applied in the audit of the financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marc, James and Associates, PC

Highlands Ranch, Colorado
July 27, 2022

BASIC FINANCIAL STATEMENTS

Range View Estates Metropolitan District

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2021

| | Governmental Funds | | | | Adjustments | Statement of Net Position |
|--|--------------------|-------------------|---------------------|---------------------|--------------------|---------------------------------|
| | General | Debt Service | Capital Projects | Total | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 417,908 | \$ - | \$ - | \$ 417,908 | \$ - | \$ 417,908 |
| Restricted cash and cash equivalents | - | 571,933 | 2,060,694 | 2,632,627 | - | 2,632,627 |
| Property taxes receivable | 7,106 | 35,532 | - | 42,638 | - | 42,638 |
| Due from other local governments | 352 | - | 31,735 | 32,087 | - | 32,087 |
| Prepaid expenses | 2,038 | - | - | 2,038 | - | 2,038 |
| Capital assets | - | - | - | - | 1,621,109 | 1,621,109 |
| Total assets | \$ 427,404 | \$ 607,465 | \$ 2,092,429 | \$ 3,127,298 | 1,621,109 | 4,748,407 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 237,522 | \$ - | \$ 220,726 | \$ 458,248 | - | 458,248 |
| Bond premium | - | - | - | - | 53,126 | 53,126 |
| Accrued interest payable | - | - | - | - | 86,210 | 86,210 |
| Total liabilities | 237,522 | - | 220,726 | 458,248 | 139,336 | 597,584 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Property taxes | 7,106 | 35,532 | - | 42,638 | - | 42,638 |
| LONG-TERM DEBT | | | | | | |
| Due in more than one year | - | - | - | - | 3,990,000 | 3,990,000 |
| Total long-term debt | - | - | - | - | 3,990,000 | 3,990,000 |
| FUND BALANCE | | | | | | |
| Non-spendable | 2,038 | - | - | 2,038 | (2,038) | - |
| Restricted | 2,200 | 571,933 | 1,871,703 | 2,445,836 | (2,445,836) | - |
| Unassigned | 178,538 | - | - | 178,538 | (178,538) | - |
| Total fund balance | 182,776 | 571,933 | 1,871,703 | 2,626,412 | (2,626,412) | - |
| Total liabilities, deferred inflows of resources and fund balance | \$ 427,404 | \$ 607,465 | \$ 2,092,429 | \$ 3,127,298 | | |
| NET POSITION | | | | | | |
| Investment in capital assets, net of related debt | | | | | - | - |
| Restricted | | | | | 2,200 | 2,200 |
| Unrestricted | | | | | 115,985 | 115,985 |
| Total net position | | | | | \$ 118,185 | \$ 118,185 |

The accompanying notes are an integral part of these basic financial statements

Range View Estates Metropolitan District
STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES

For the Year ended December 31, 2021

| | Governmental Funds | | | Total | Adjustments | Statement of Activities |
|---|--------------------|-------------------|---------------------|---------------------|-----------------------|-------------------------------|
| | General | Debt Service | Capital Projects | | | |
| EXPENDITURES | | | | | | |
| OPERATIONS | | | | | | |
| Accounting and audit | \$ 24,336 | \$ - | \$ - | \$ 24,336 | \$ - | \$ 24,336 |
| District management | 15,930 | - | - | 15,930 | - | 15,930 |
| Insurance | 2,368 | - | - | 2,368 | - | 2,368 |
| Legal | 28,921 | - | - | 28,921 | - | 28,921 |
| Office | 1,223 | - | - | 1,223 | - | 1,223 |
| Treasurer's fees | 210 | 1,051 | - | 1,261 | - | 1,261 |
| DEBT SERVICE | | | | | | |
| Interest expense | - | 173,750 | - | 173,750 | 38,348 | 212,098 |
| Trustee fee | - | 7,000 | - | 7,000 | - | 7,000 |
| CAPITAL EXPENDITURES | | | | | | |
| Infrastructure | - | - | 1,573,514 | 1,573,514 | (1,573,514) | - |
| Total expenditures | <u>72,988</u> | <u>181,801</u> | <u>1,573,514</u> | <u>1,828,303</u> | <u>(1,535,166)</u> | <u>293,137</u> |
| GENERAL REVENUES | | | | | | |
| Property and other taxes | 14,716 | 73,578 | - | 88,294 | - | 88,294 |
| Interest | 16 | 110 | 257 | 383 | - | 383 |
| Total general revenues | <u>14,732</u> | <u>73,688</u> | <u>257</u> | <u>88,677</u> | <u>-</u> | <u>88,677</u> |
| EXPENDITURES IN EXCESS OF REVENUES | (58,256) | (108,113) | (1,573,257) | (1,739,626) | 1,535,166 | (204,460) |
| OTHER SOURCES | | | | | | |
| Intergovernmental | - | - | 531,735 | 531,735 | - | 531,735 |
| CHANGE IN FUND BALANCE | (58,256) | (108,113) | (1,041,522) | (1,207,891) | 1,207,891 | - |
| CHANGE IN NET POSITION | - | - | - | - | 327,275 | 327,275 |
| FUND BALANCE /NET POSITION | | | | | | |
| Beginning of the year | 241,032 | 680,046 | 2,913,225 | 3,834,303 | (4,043,393) | (209,090) |
| End of the year | <u>\$ 182,776</u> | <u>\$ 571,933</u> | <u>\$ 1,871,703</u> | <u>\$ 2,626,412</u> | <u>\$ (2,508,227)</u> | <u>\$ 118,185</u> |

The accompanying notes are an integral part of these financial statements

Range View Estates Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year ended December 31, 2021

| | Original Budget | Amended and Final Budget | Actual | Variance |
|--------------------------|--------------------|--------------------------------|-------------------|------------------|
| REVENUES | | | | |
| Property and other taxes | \$ 15,019 | \$ 15,019 | \$ 14,716 | \$ (303) |
| Interest and other | 500 | 500 | 16 | (484) |
| Total revenues | <u>15,519</u> | <u>15,519</u> | <u>14,732</u> | <u>(787)</u> |
| EXPENDITURES | | | | |
| OPERATING | | | | |
| Accounting and audit | 25,200 | 25,208 | 24,336 | 872 |
| District management | 20,640 | 20,640 | 15,930 | 4,710 |
| Insurance | 2,750 | 2,368 | 2,368 | - |
| Legal | 25,000 | 35,000 | 28,921 | 6,079 |
| Office | 1,500 | 1,500 | 1,223 | 277 |
| Treasurer's fees | 213 | 210 | 210 | - |
| Contingency | 5,000 | - | - | - |
| Total expenditures | <u>80,303</u> | <u>84,926</u> | <u>72,988</u> | <u>11,938</u> |
| CHANGE IN FUND BALANCE | (64,784) | (69,407) | (58,256) | 11,151 |
| FUND BALANCE | | | | |
| Beginning balance | <u>238,882</u> | <u>238,882</u> | <u>241,032</u> | <u>2,150</u> |
| Ending balance | <u>\$ 174,098</u> | <u>\$ 169,475</u> | <u>\$ 182,776</u> | <u>\$ 13,301</u> |

The accompanying notes are an integral part of these financial statements

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Range View Estates Metropolitan District (the “District”) conform to the accounting principles generally accepted in the United States of America (“US GAAP”) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

1. Reporting Entity

The District was formed, pursuant to the Colorado Special District Act, Article 1 of Title 32 of the Colorado Revised Statutes, in June 2014, as a quasi-municipal corporation and a political subdivision of the State of Colorado. The District is governed by a five-member Board of Directors. The District is located entirely in the Town of Mead, Colorado in Weld County in northern Colorado.

The District was formed as part of a plan to serve the needs of the Range View Estates Development and for the purpose of providing, operating and maintaining various public facilities and services for the use and benefit of the property owners, taxpayers, and other visitors to the District. For development planning purposes the District has been divided into three parcels, with parcels 1 and 2 comprising the Eastern Development area and parcel 3 comprising the Western Development area.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

2. Measurement Focus and Financial Reporting Framework

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on the accrual basis of accounting related to the *governmental-type activities* of the District, which rely to a significant extent on property taxes and specific ownership taxes. The Statement of Activities demonstrates the degree to which expenses of the *governmental-type activities* are supported by property tax and specific ownership taxes.

Governmental Fund Financial Statements

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2. *Measurement Focus and Financial Reporting Framework - continued*

Governmental Funds

The District maintains three individual governmental funds. The governmental funds information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, the Debt Service Fund and the Capital Projects Fund, all of which, the District considers to be major funds.

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

The *Capital Projects Fund* accounts for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition of capital facilities and other assets.

3. *Cash and Cash Equivalents*

The District considers cash and cash equivalents to include cash on hand, unrestricted demand deposits and money market accounts, as applicable.

4. *Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, property taxes receivable, accounts payable, accrued liabilities and deferred inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2021, do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

5. *Capital Assets*

The District's capital assets as of December 31, 2021, consist of construction in process and are reported in the government-wide financial statements. The District's capital assets are recorded at cost, if purchased or constructed.

The District has a capitalization policy of \$5,000. The District's Board of Directors has the option to capitalize certain items less than \$5,000.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

6. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP involves the use of District management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses as applicable, during the reporting period. These estimates are based upon District management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

NOTE B – BUDGET INFORMATION

The District's annual budget is prepared on a Non-GAAP basis for the District's General Fund, Debt Service Fund and Capital Projects Fund. An annual appropriated budget is adopted at the total fund expenditure level and the annual appropriations lapse at the end of the District's fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado Revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements.

On or before October 15, the District's Treasurer and/or the District's Manager submit a proposed budget for the subsequent fiscal year to the District's Board of Directors. The budget sets forth all proposed expenditures for administration, operations, maintenance, debt service, and capital projects for the budget year; all anticipated revenues for the budget year; estimated beginning and ending fund balances; actual figures for the prior fiscal year and projected figures through the end of the current year; and a written budget message describing the important features of the budget.

Following receipt of the proposed budget, the District publishes notice of the hearing at which the adoption of the proposed budget will be considered, a statement that the proposed budget is available for inspection, and that any interested elector may file objections to the proposed budget prior to its adoption. The budget hearing is held at a regular or special Board of Directors' meeting.

Following the budget hearing, the Board of Directors adopts the budget and makes appropriations for the budget year. The District also certifies a mill levy for collection in the budget year. Because the District certifies a mill levy, the adoption of the budget, appropriations and certification of the mill levy must occur on or before December 15. Expenditures in excess of the amounts appropriated for a Fund or transfer of monies between Funds must be approved by the Board of Directors in the same manner as the adoption of the budget.

For 2021, the District's Board of Directors amended the General Fund, Debt Service Fund and the Capital Projects Fund budgets. State of Colorado Statutes requires a balanced budget. For 2021, the budgeted expenditures exceeded budgeted revenues in the General Fund, Debt Service Fund and the Capital Projects Fund. It was anticipated, as necessary, the prior year surpluses would be used to supplement the current year revenues.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE C – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits. The Colorado Division of Banking for banks and savings associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

In addition, State of Colorado Statute specifies investments that meet defined rating and risk criteria in which local governments may hold. The allowed investments include participation in state regulated investment pools. The District participates in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”). As of December 31, 2021, the District had \$14,114 on deposit with COLOTRUST. The carrying value and market value of the COLOTRUST are equal. The COLOTRUST is rated AAAM by Standard and Poors.

COLOTRUST determines the net asset value (“NAV”) of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with GASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

As of December 31, 2021, all of the District’s funds were held in eligible public depositories.

NOTE D – RESTRICTED CASH

The cash and cash equivalents held in the Debt Service Fund and the Capital Projects Fund is reflected as restricted as of December 31, 2021.

NOTE E – CAPITAL ASSETS

Joint Funding of Non-Potable Water and Off-Site Sanitary Sewer Improvements Agreement

In March 2021, the District and the Westridge Metropolitan District No. 1 (“WMD”) (collectively the “Districts”) entered into the Joint Funding of Non-Potable Water and Off-Site Sanitary Sewer Improvements Agreement (“Joint Agreement”) under which the Districts agree to jointly finance and construct certain non-potable water and offsite sanitary sewer systems improvements (“Improvements”) benefiting both Districts and the residents of the Districts.

Under the terms of the Joint Agreement, the Districts agree to reimburse the amounts owed for their proportionate share of the Improvements as soon as the Districts have sufficient funds to do so, subject to annual appropriation. Upon completion of the construction of the Improvements, expected to be in 2022, the Districts will determine and designate which of the Districts will own, operate and maintain the Improvements. It is anticipated that the District will be designated to own, operate and maintain the Improvements.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE E – CAPITAL ASSETS – *continued*

Joint Funding of Non-Potable Water and Off-site Sanitary Sewer Improvements Agreement - continued

As of December 31, 2021, costs totaling \$1,063,470 have been incurred for the construction of the improvements and are included in construction in process on the Statement of Net Position. As of December 31, 2021, there was a balance of \$1,732,252 remaining on the contract. During 2021, WMD has contributed \$531,735 towards the construction of the Improvements which reflected as other sources, intergovernmental revenue. As of December 31, 2021, the remaining balance due from WMD was \$31,735. Upon completion, it is anticipated the improvements will be conveyed to the Town of Mead, CO.

Change in Capital Assets

The change in the District's capital assets for the year ended December 31, 2021 is as follows:

| | Balance December 31, 2020 | Additions | Disposals | Balance December 31, 2021 |
|-------------------------|---------------------------------|--------------|-----------|---------------------------------|
| Capital assets | | | | |
| Construction in process | \$ 47,595 | \$ 1,573,514 | \$ - | \$ 1,621,109 |

NOTE F – LONG-TERM DEBT

Limited Tax General Obligation Bonds, Series 2020A

In March 2020, the District issued Limited Tax General Obligation Bonds, Series 2020A, ("Series 2020A Bonds") with a par value of \$3,475,000. The Series 2020A Bonds were issued at a premium of \$56,920, resulting in gross proceeds of \$3,531,920. The Series 2020A Bonds were issued for the purpose of funding the costs of the public improvements, paying the cost of issuance of the bonds, and funding a portion of the initial interest on the Series 2020A Bonds.

The Series 2020A Bonds have a final maturity of December 1, 2059, and bear interest from the issuance date at a rate of 5% calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent Senior Pledged Revenues, as defined in the Senior Trust Indenture, are available semiannually on each June 1 and December 1, commencing June 1, 2020, until the Series 2020A Bonds are deemed to be paid in full or are redeemed prior to maturity.

The Senior Pledged Revenue and other amounts available may be insufficient to pay the principal of, and any interest on the Series 2020A Bonds when due. As long as the District neither fails nor refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required, the inability of the District to pay the principal, and any interest when due will not constitute an event of default.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE F – LONG-TERM DEBT - *continued*

Limited Tax General Obligation Bonds, Series 2020A – continued

Any principal of the Series 2020A Bonds, that is not paid when due, shall remain outstanding until paid or until the Series 2020A Termination Date (December 1, 2059). Any interest on the Series 2020A Bonds, that is not paid when due, will compound semiannually on each Series 2020A Interest Payment Date listed above at the interest rate borne by such Series 2020A Bonds.

Under the terms of the Trust Indenture any amount of principal or interest on the Series 2020A Bonds that remains unpaid after the application of all Subordinate Pledged Revenue available on December 15, 2059 shall be deemed discharged.

In 2021, interest payments totaling \$173,750 were made as scheduled, and as of December 31, 2020, there was accrued interest payable of \$14,479 which is reflected on the Statement of Net Position.

Optional Redemption

The Series 2020A Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or partial multiples of \$1,000, on March 1, 2025, and on any date thereafter, upon payment of par, accrued interest and redemption premium equal to a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|------------------------------------|---------------------------|
| March 1, 2025 to February 28, 2026 | 3.00% |
| March 1, 2026 to February 28, 2027 | 2.00 |
| March 1, 2027 to February 29, 2028 | 1.00 |
| March 1, 2028 and thereafter | - |

Subordinated Limited Tax General Obligation Bonds, Series 2020B

In March 2020, the District issued Subordinate Limited Tax General Obligation Bonds, Series 2020B, ("Series 2020B Bonds") in the amount of \$515,000. The Series 2020B Bonds were issued for the purpose of funding the costs of the public improvements.

The Series 2020B Bonds have a final maturity of December 15, 2059, and shall bear interest at a rate of 7.75% calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Subordinate Pledged Revenues, as defined in the Subordinate Trust Indenture, are available annually on each December 15, commencing December 15, 2020, to the extent of the Subordinate Pledged Revenue available therefor, until the Series 2020B Bonds are paid in full or are redeemed prior to maturity.

The Series 2020B Bonds are structured as "cash flow" bonds. Interest on the Series 2020B Bonds is payable on each Interest Payment Date to the extent of any Subordinated Pledged Revenue is available. There are no scheduled principal payments prior to the maturity date. However, the Series 2020B Bonds are subject to mandatory redemption on December 15 of each year, commencing December 15, 2020, to the extent of any funds available. As long as the District neither fails nor refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required, the inability of the District to pay the principal, and any interest when due will not constitute an event of default.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE F – LONG-TERM DEBT - *continued*

Subordinated Limited Tax General Obligation Refunding Bonds, Series 2020B - continued

In 2021, the Interest payments were not made and, as of December 31, 2021, there was accrued interest payable of \$71,731 which is reflected on the Statement of Net Position.

Under the terms of the Subordinate Trust Indenture any amount of principal or interest on the Series 2020B Bonds that remains unpaid after the application of all Subordinate Pledged Revenue available on December 15, 2059 shall be deemed discharged.

Optional Redemption

The Series 2020B Bonds are subject to optional redemption prior to maturity at the option of the District, as a whole or in integral multiples of \$1,000, beginning on March 1, 2025, and on any date thereafter, upon payment of par, accrued interest and redemption premium equal to a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|------------------------------------|---------------------------|
| March 1, 2025 to February 28, 2026 | 3.00% |
| March 1, 2026 to February 28, 2027 | 2.00 |
| March 1, 2027 to February 29, 2028 | 1.00 |
| March 1, 2028 and thereafter | - |

Covenants and Agreements

Under the terms of the Senior Trust Indenture, the District is required to have an annual audit of its financial records to be performed by a Certified Public Accountant completed within reasonable efforts no later than 210 days after the end of the calendar year. Additionally, the District is required to have the annual continuing disclosures completed within 60 days after the end of the calendar year.

Changes in Long-Term Debt

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

| | <u>December 31, 2019</u> | <u>Additions</u> | <u>Accretion/ Payments</u> | <u>December 31, 2020</u> | <u>Due within One Year</u> |
|-------------------------------|------------------------------|------------------|--------------------------------|------------------------------|--------------------------------|
| Series 2020A Bonds | \$ 3,475,000 | \$ - | \$ - | \$ 3,475,000 | \$ - |
| Series 2020B Bonds | 515,000 | - | - | 515,000 | - |
| Series 2020A Bonds premium | 55,023 | - | (1,897) | 53,126 | 1,897 |
| | <u>\$ 4,045,023</u> | <u>\$ -</u> | <u>\$ (1,897)</u> | <u>\$ 4,043,126</u> | <u>\$ 1,897</u> |

The bond premium associated with the Series 2020A Bonds is being accreted over the 30 year schedule repayment period using the straight-line method. The accretion for the year ended December 31, 2021 is reflected as reduction of interest expense in the Statement of Activities.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE F – LONG-TERM DEBT – *continued*

Future Minimum Debt Service Requirements

The future minimum debt service requirements for the Series 2020A Bonds as of December 31, 2021 are as follows:

| Year ended December 31 | Principal | Interest | Total |
|---------------------------|---------------------|---------------------|---------------------|
| 2022 | \$ - | \$ 173,750 | \$ 173,750 |
| 2023 | - | 173,750 | 173,750 |
| 2024 | - | 173,750 | 173,750 |
| 2025 | - | 173,750 | 173,750 |
| 2026 | 30,000 | 173,750 | 203,750 |
| 2027-2031 | 330,000 | 830,500 | 1,160,500 |
| 2032-2036 | 485,000 | 733,250 | 1,218,250 |
| 2037-2041 | 685,000 | 593,250 | 1,278,250 |
| 2042-2046 | 945,000 | 398,000 | 1,343,000 |
| 2047-2049 | 1,000,000 | 115,250 | 1,115,250 |
| | <u>\$ 3,475,000</u> | <u>\$ 3,539,000</u> | <u>\$ 7,014,000</u> |

Due to the “cash flow” structure of the Series 2020B Bonds, the future minimum payments cannot be projected.

Authorized, But Unissued Debt

As of December 31, 2021, the amount of the voter authorized, but unissued, debt for the Range View Estates Metropolitan District was \$86,800,000. However, the District’s Service Plan limits its total debt issuance to \$6,200,000. As such, the District has \$2,210,000 in remaining authorized, but unissued debt.

In the future, the District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area. However, the amount and timing of any debt issuances, if any, are not determinable.

NOTE G – FUND BALANCE/NET POSITION

Fund Balance

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as non-spendable, restricted, committed, assigned or unassigned.

Non-spendable – represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact,

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation,

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE G – FUND BALANCE/NET POSITION - *continued*

Fund Balance – continued

Committed – represents amounts that can only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the District’s Board of Directors. Committed resources cannot be used for any other purpose unless the District’s Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance,

Assigned – represents amounts that the District intends to use for specific purposes as expressed by the District’s Board of Directors or a District official delegated the authority to assign amounts,

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

As of December 31, 2021, the District’s fund balances consisted of the following:

| | General Fund | Debt Service Fund | Capital Projects Fund | Total |
|----------------------|-------------------|-------------------------|-----------------------------|---------------------|
| <i>Fund balances</i> | | | | |
| Non-spendable | | | | |
| Prepaid | | | | |
| expenses | \$ 2,038 | \$ - | \$ - | \$ 2,038 |
| Restricted | | | | |
| TABOR | 2,200 | - | - | 2,200 |
| Fund balance | - | 571,933 | 1,871,703 | 2,443,636 |
| Unassigned | <u>178,538</u> | <u>-</u> | <u>-</u> | <u>178,538</u> |
| Total | \$ <u>182,776</u> | \$ <u>571,933</u> | \$ <u>1,871,703</u> | \$ <u>2,626,412</u> |

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE G – FUND BALANCE/NET POSITION - *continued*

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restrictive net position first.

NOTE H - RELATED PARTY

Members of the Board of Directors

Members of the Board of Directors are affiliated with Range View Estates LLC, a Colorado limited liability company (the “Developer”).

NOTE I – COMMITMENTS

Funding and Reimbursement Agreement – Operating and Maintenance Costs

In December 2019, the District and the Developer entered into a Funding and Reimbursement Agreement under which the Developer is willing to loan or advance funds to the District in an amount, or in amounts, sufficient to enable the District to pay operations and maintenance costs, as necessary. To evidence the District’s obligation to repay advanced funds and to induce the Developer’s advancing of additional funds, the District has determined that it is necessary to authorize the issuance of a promissory note in a principal amount not to exceed \$500,000.

The term of the Funding and Reimbursement Agreement shall be annually renewable one year terms.

As of December 31, 2021, there were no outstanding advances.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE I – COMMITMENTS - *continued*

Advance and Reimbursement Agreement – Capital Costs

In August 2019, the District and the Developer entered into an Advance and Reimbursement Agreement. The Developer has previously expended funds and agrees to advance funds to the District in the future for the design, construction, and installation of certain public improvements and the District agrees to reimburse the Developer for such expended funds. As such, the District has determined that it is necessary to authorize the issuance of a Revenue and Limited Tax Obligation Subordinate Promissory Note (“Subordinate Promissory Note”) in a principal amount not to exceed the authorized, but not issued debt limit. The Subordinate Promissory Note will bear simple interest at a rate equal the current Federal Reserve Board Prime Rate plus 2%.

The Developer’s obligation shall renew on an annual basis at the discretion the Developer by providing notice to the District no later than December 15.

As of December 31, 2021, there were no outstanding advances.

Water Supply Agreement for Non-Potable Water

In May 2021, the District and WMD entered to the Water Supply Agreement for Non-Potable Water (“Supply Agreement”) under which WMD agrees to provide to the District and the District agrees to pay for irrigation water for the purpose of watering of outside irrigation through the WMD System for the common areas within the District and for the supply of irrigation water to the District non-potable water users within the District or its service area.

The District shall pay WMD a fee for the use of the irrigation water based upon the amount of water used by the District. The Districts expressly recognize and agree that the water provided and received is non-potable water and is not intended for human or animal consumption.

The initial term of the Supply Agreement shall begin on the date of the Supply Agreement, and shall terminate at the end of the District’s and WMD’s then-current fiscal year. The Supply Agreement shall automatically renew for consecutive one-year terms coinciding with the fiscal year of the District.

District Management Agreement

The District outsources the management of the District which includes overall management, accounting and administrative services. The service contract renews annually each year on January 1, unless notice of non-renewal is provided by either party as described in the service contract.

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and natural disasters. These risks are covered by commercial insurance purchased from independent insurance brokers. Settled claims have not exceeded this commercial coverage in any of the past three years.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE K – 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 and debt limitations which apply to the State of Colorado and all local governments.

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 calculation of the fiscal year spending limits may require judicial interpretation.

NOTE L– CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread world-wide, including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic.

The spread of COVID-19 and its variants has altered the behavior of individuals and businesses in a manner that has had significant impacts on global, national, and local economies. Accordingly, state and local governments, including the State of Colorado, have announced orders, recommendations and other measures intended to slow the spread of COVID-19, including the closing of businesses and "stay at home" orders. The COVID-19 measures are changing rapidly and in 2022, many restrictions are being relaxed or eliminated.

The District continues to monitor and assess the effects of the COVID-19 pandemic on the District; however, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

NOTE M – MANAGEMENT'S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District's financial statements and accompanying footnotes in conformity with generally accepted accounting principles requires management of the District to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through July 27, 2022, which is the date the financial statements and accompanying footnotes were available for issuance.

Range View Estates Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE N – RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND
FINANCIAL STATEMENTS

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column which reconciles the differences between the government-wide and fund financial statements as follows:

| | | |
|---|----|-----------|
| Capital assets reflected in the Statement of Net Position are not financial resources in the governmental funds and accordingly are not reported in the governmental funds, | \$ | 1,621,109 |
|---|----|-----------|

| | | |
|--|--|-----------|
| Long-term liabilities are not due and payable in the current period and, therefore, are not reflected in the governmental funds, | | 3,990,000 |
|--|--|-----------|

| | | |
|---|--|--------|
| The premium associated with the issuance of the Series 2020A Bonds, reflected in the Statement of Net Position is not a financial resource in the governmental funds and accordingly is not reported in the governmental funds, | | 53,126 |
|---|--|--------|

| | | |
|---|--|--------|
| Interest is recognized in the governmental funds as paid, therefore accrued interest is only recognized on the Statement of Net Position. | | 86,210 |
|---|--|--------|

The Statements of Governmental Funds Revenues, Expenditures and Changes in Fund Balance/Statement of Net Activities includes an adjustment column which reconciles the differences between the government-wide and fund financial statements as follows:

| | | |
|---|----|--------|
| Interest is recognized in the governmental funds as paid. For the Statement of Activities interest expense is recognized as incurred. This is the difference between the amount of interest paid and the amount of interest incurred, plus the accretion of the bond premium, | \$ | 38,348 |
|---|----|--------|

| | | |
|---|--|-----------|
| Governmental funds report capital expenditures as expenditures. However, in the Statement of Net Position, the capital expenditures are capitalized. During 2021, this is the amount of capital expenditures capitalized. | | 1,573,514 |
|---|--|-----------|

SUPPLEMENTARY INFORMATION

Range View Estates Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year ended December 31, 2021

| | <u>Original Budget</u> | <u>Amended and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------------------------|----------------------------|---|--------------------------|--------------------------|
| REVENUES | | | | |
| Property and other taxes | \$ 75,097 | \$ 75,097 | \$ 73,578 | \$ (1,519) |
| Interest | 1,000 | 1,000 | 110 | (890) |
| | <u>76,097</u> | <u>76,097</u> | <u>73,688</u> | <u>(2,409)</u> |
| EXPENDITURES | | | | |
| DEBT SERVICE | | | | |
| Interest | 173,750 | 173,750 | 173,750 | - |
| Trustee fee | 5,000 | 7,000 | 7,000 | - |
| Treasurer's fees | - | 1,051 | 1,051 | - |
| | <u>178,750</u> | <u>181,801</u> | <u>181,801</u> | <u>-</u> |
| CHANGE IN FUND BALANCE | (102,653) | (105,704) | (108,113) | (2,409) |
| FUND BALANCE | | | | |
| Beginning balance | <u>680,259</u> | <u>680,259</u> | <u>680,046</u> | <u>(213)</u> |
| Ending balance | <u><u>\$ 577,606</u></u> | <u><u>\$ 574,555</u></u> | <u><u>\$ 571,933</u></u> | <u><u>\$ (2,622)</u></u> |

Range View Estates Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year ended December 31, 2021

| | Original Budget | Amended and Final Budget | Actual | Variance |
|------------------------|--------------------|--------------------------------|--------------|--------------|
| REVENUES | | | | |
| Interest | \$ 5,000 | \$ 5,000 | \$ 257 | \$ (4,743) |
| Intergovernmental | - | - | 531,735 | 531,735 |
| Total revenue | 5,000 | 5,000 | 531,992 | 526,992 |
| EXPENDITURES | | | | |
| CAPITAL EXPENDITURES | | | | |
| Infrastructure | 2,923,344 | 3,215,379 | 1,573,514 | 1,641,865 |
| Total expenditures | 2,923,344 | 3,215,379 | 1,573,514 | 1,641,865 |
| CHANGE IN FUND BALANCE | (2,918,344) | (3,210,379) | (1,041,522) | 2,168,857 |
| FUND BALANCE | | | | |
| Beginning balance | 2,918,344 | 2,918,344 | 2,913,225 | (5,119) |
| Ending balance | \$ - | \$ (292,035) | \$ 1,871,703 | \$ 2,163,738 |