

**REUNION METROPOLITAN DISTRICT  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors

Reunion Metropolitan District

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Reunion Metropolitan District (the District) as of and for the year ended December 31, 2022, 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, the business-type activities, and each major fund of Reunion Metropolitan District, as of December 31, 2022, the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary basis comparisons for the General and Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Reunion Metropolitan 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 opinion.

### 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 Reunion Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

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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 Reunion Metropolitan 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 Reunion Metropolitan 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**

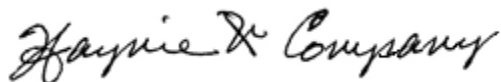
#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Reunion Metropolitan District'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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado  
September 19, 2023

**REUNION METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

The management of Reunion Metropolitan District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022.

The Management Discussion and Analysis (MD&A) focuses on the presentation of the financial statements and the related activities in two distinct ways: 1) the review of government-wide financials that reflect the overall assets and activity of the government including the District's capital assets and long term debt obligations, and 2) the more traditional view of the governmental funds that have been established to account for specific activities of the District.

This MD&A will provide a quick look at the highlights of each of these presentations, a more definitive view of what comprises each of these presentations, and a more detailed analysis of each of the presentations, key components and the changes that occurred during 2022.

**Government-Wide Statements**

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the District's overall financial status. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflow of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of water facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The basic government-wide financial statements can be found on pages 1-2 of this report.

**REUNION METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental funds:* The District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is a considered major fund. Also included in the required supplementary information section is budget-to-actual information for the general fund.

The basic governmental fund financial statements can be found on pages 3-8 of this report.

- *Enterprise funds:* The District maintains one enterprise type Enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for its purchase and sale of water credits and the financing thereof.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide information for water operations, which is considered to be a major fund of the District.

The basic enterprise fund financial statements can be found on pages 9-11 of this report.

**Financial Highlights**

Government-wide financial statement highlights include:

- The combined assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$50,765,667 (net position).
- Of the net position:
  - \$44,767,373 is the net investment in the District's governmental activity capital assets, related to the acquisition of the assets. \$(5,857,141) is the net investment in the District's business type assets, related to the acquisition of the assets.
  - The District has restricted a portion of the remaining net position as follows: \$5,021,619 is restricted for capital projects as the result of unexpended resources, \$495,867 is restricted for HOA related activity, and \$1,067,241 for recreation center operations.
  - After considering the above restrictions, the District has unrestricted net position in the amount of \$5,270,708.

**REUNION METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

- The District's total long-term liabilities increased by \$1,107,109:
  - The District issued the remaining \$5,000,000 on the 2017 Bonds.
  - The District incurred \$937,105 of interest on the 2017 Bonds and paid \$2,417,118 of outstanding interest.
  - The District paid \$4,451,000 of principal on the outstanding developer advances from a transfer from NRMD3 2020B<sub>(3)</sub> bond proceeds.
  - The District's obligation for compensated absences decreased from \$37,739 to \$21,729 as of December 31, 2022.
  
- The government's total net position decreased from 2021 to 2022 by \$10,428,275 under the full accrual method:
  - Program revenues decreased from the prior year by \$6,195,029 primarily due to a reduction in SDF and Impact Fees as well as a reduction in Cost Sharing from other entities. Expenses increased \$14,441,004 from the prior year primarily as a result of assets dedicated to other entities. Depreciation expense was \$741,869 and interest and related costs on long-term obligations were \$1,189,752. Depreciation expense relates to noncash activities; therefore, refer to the fund financial statement highlights below for analysis more closely related to cash inflows and outflows.

Fund financial statement highlights include:

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$11,439,510.
- The nonspendable, restricted, assigned, committed and unassigned amounts of \$13,540, \$47,328, \$5,047,328, \$1,731,072 and \$596,672 respectively, are available for spending at the District's discretion. They are comprised of:
  - During 2022, the General Fund received \$3,137,332 in revenues, offset with \$3,046,934 in expenditures; thereby, the net increase in fund balance for the year was \$90,398, resulting in an ending fund balance of \$778,176. \$13,540 is nonspendable and represents prepaid expenses at year-end. \$167,964 is assigned. \$596,672 of the ending fund balance is unassigned.
  - The Special Revenue Fund - Rec Center received \$1,295,465 in revenues during 2022, and expended \$1,233,414. This resulted in a net fund balance increase of \$62,051, with a remaining fund balance available for future use of \$1,067,241.
  - The Special Revenue Fund - HOA received \$443,007 in revenues during the current year, and incurred \$326,077 of expenditures; resulting in a net fund balance increase of \$116,930. The ending fund balance available is \$495,867.
  - The Debt Service Fund has an ending fund balance of \$25,709, which is restricted for future debt service payments.
  - The Capital Projects Fund has an ending fund balance of \$9,072,517, of which \$5,021,619 is assigned to future capital projects.

**REUNION METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the current year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by taxes and intergovernmental revenues (i.e., governmental activities).

The government-wide financial statements can be found on pages 1–2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**REUNION METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – general, two special revenue, and capital projects – all of which are considered to be major funds.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided for the general and special revenue funds in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements and reconciliation to the government-wide financial statements can be found on pages 3-8 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 12-35 of this report.

**Supplementary information.** The supplementary information provided in this report after the basic financial statements includes a schedule of revenues, expenditures, and changes in fund balances, budget and actual comparison, for the debt service fund and capital projects fund. These schedules can be found on pages 37-39 of this report.

**Governmental Activities Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$68,486,746 at the close of the most recent fiscal year.

	Net Position						
	2022			2021			Increase (Decrease)
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals	
<b>Assets</b>							
Current and Other Assets	\$ 12,689,809	\$ 5,244,319	\$ 17,934,128	\$ 12,404,495	\$ 7,600,023	\$ 20,004,518	\$ (2,070,390)
Capital Assets	67,575,087	43,669,334	111,244,421	81,386,555	43,669,334	125,055,889	(13,811,468)
Total Assets	80,264,896	48,913,653	129,178,549	93,791,050	51,269,357	145,060,407	(15,881,858)
<b>Liabilities</b>							
Current and Other Liabilities	1,250,299	154,671	1,404,970	5,447,055	148,458	5,595,513	(4,190,543)
Long-Term Liabilities	22,860,871	54,147,041	77,007,912	21,761,994	54,138,809	75,900,803	1,107,109
Total Liabilities	24,111,170	54,301,712	78,412,882	27,209,049	54,287,267	81,496,316	(3,083,434)
<b>Net Position</b>							
Net Investment in Capital Assets	44,767,373	(5,857,141)	38,910,232	60,307,313	(6,722,038)	53,585,275	(14,675,043)
Restricted	6,584,727	-	6,584,727	1,385,814	-	1,385,814	5,198,913
Unrestricted	4,801,626	469,082	5,270,708	4,888,874	3,704,128	8,593,002	(3,322,294)
Total Net Position	<u>\$ 56,153,726</u>	<u>\$ (5,388,059)</u>	<u>\$ 50,765,667</u>	<u>\$ 66,582,001</u>	<u>\$ (3,017,910)</u>	<u>\$ 63,564,091</u>	<u>\$ (12,798,424)</u>

The most significant portion of the District's net position (77%) represents the District's investment in capital assets (e.g. land, buildings, infrastructure, water rights, machinery, and equipment) net of the outstanding debt used to acquire those assets. The District acquired these capital assets in order to provide services to citizens. Consequently, these assets are not available for future spending.

**REUNION METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

The District has an unrestricted net position in the amount of \$5,270,708. This amount can be used by the District to meet its ongoing obligations to citizens and creditors.

	Change in Net Position						Increase (Decrease)
	2022			2021			
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
<b>Revenues</b>							
Program Revenues:							
Charges for Services	\$ 1,558,022	\$ -	\$ 1,558,022	\$ 1,386,235	\$ -	\$ 1,386,235	\$ 171,787
Operating Grants and Contributions	3,245,557	-	3,245,557	2,908,011	-	2,908,011	337,546
Capital Grants and Contributions	9,536,757	-	9,536,757	15,137,042	1,104,077	16,241,119	(6,704,362)
General Revenues:							
Investment Income	197,383	107,258	304,641	760	851	1,611	303,030
Other	108,866	-	108,866	141,906	-	141,906	(33,040)
Total Revenues	<u>14,646,585</u>	<u>107,258</u>	<u>14,753,843</u>	<u>19,573,954</u>	<u>1,104,928</u>	<u>20,678,882</u>	<u>(5,925,039)</u>
<b>Expenses</b>							
General Government	546,751	-	546,751	354,291	-	354,291	192,460
Parks and Recreation	4,449,401	-	4,449,401	3,828,909	-	3,828,909	620,492
HOA Management	326,077	-	326,077	251,314	-	251,314	74,763
Dedication of Assets to Other Entities	17,715,755	-	17,715,755	1,621,665	-	1,621,665	16,094,090
Intergovernmental	815,696	-	815,696	2,285,591	-	2,285,591	(1,469,895)
Enterprise Activity	-	2,477,407	2,477,407	-	4,122,838	4,122,838	(1,645,431)
Interest and Related Costs on Long-Term Debt	1,221,180	-	1,221,180	646,655	-	646,655	574,525
Total Expenses	<u>25,074,860</u>	<u>2,477,407</u>	<u>27,552,267</u>	<u>8,988,425</u>	<u>4,122,838</u>	<u>13,111,263</u>	<u>14,441,004</u>
<b>CHANGE IN NET POSITION</b>	<u>(10,428,275)</u>	<u>(2,370,149)</u>	<u>(12,798,424)</u>	<u>10,585,529</u>	<u>(3,017,910)</u>	<u>7,567,619</u>	<u>(8,058,126)</u>
Net Position - Beginning of Year	<u>66,582,001</u>	<u>(3,017,910)</u>	<u>63,564,091</u>	<u>55,996,472</u>	<u>-</u>	<u>55,996,472</u>	<u>7,567,619</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 56,153,726</u>	<u>\$ (5,388,059)</u>	<u>\$ 50,765,667</u>	<u>\$ 66,582,001</u>	<u>\$ (3,017,910)</u>	<u>\$ 63,564,091</u>	<u>\$ (490,507)</u>

The District's net position decreased by \$12,798,424 during the current fiscal year. Intergovernmental revenues, which primarily consist of property taxes transferred from North Range Metropolitan District No. 1 and No. 2, are accounted for as operating grants and contributions. Charges for services include fees collected for Recreation Center and HOA related activities. Capital grants and contributions include system development fees and property taxes transferred from North Range Metropolitan District No. 1. Capital grants and contributions also includes revenues through the Enterprise Fund.

### Governmental Funds Financial Analysis

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$11,439,510, all of which constitutes an assigned, unassigned, restricted, or nonspendable fund balance, which is available for spending at the government's discretion within the parameters established for each fund.

**REUNION METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, an unassigned fund balance of \$596,672, assigned fund balance for service fees of \$167,964, and nonspendable fund balance of \$13,540 was held in the General Fund.

The Special Revenue - Rec Center Fund is used for expenditures related to the Reunion Recreation Center. At the end of the current fiscal year, an assigned fund balance of \$1,067,241 was held in the fund.

The Special Revenue - HOA Fund is used for expenditures related to the contractual management of general HOA services. At the end of the current fiscal year, an assigned fund balance of \$495,867 was held in the fund. The Reunion HOA only comprises a part of the entire community and is responsible for the design review and covenant enforcement for those areas within North Range Metro District Nos. 1, 2 and 3 that are not part of the Reunion HOA.

The Debt Service Fund is used for future debt service payments. At the end of the year, a restricted fund balance of \$25,709 was held in the fund.

The Capital Projects Fund is used for future construction of infrastructure and other capital-related activities. At year-end total fund balance is \$9,072,517, of which \$5,021,619 is restricted.

**General Fund Budgetary Highlights**

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sales of assets and debt repayments, as well as capital outlay, in addition to operations and non-operating revenue and contributions. Depreciation is not reflected on the budget since it does not affect funds available. This budgetary accounting is required by State statutes.

**Capital Assets and Debt Administration**

**Capital assets.** The District had \$44,767,373 invested in net capital assets for its governmental activities for the year ended December 31, 2022. This investment in capital assets, which is net of accumulated depreciation, includes land improvement for parks and arterial landscape, roadway improvements, storm drainage facilities, and water rights.

There was capital activity during 2022, with \$4,587,455 in total capital outlay. Additional information on the District's capital assets can be found within Note 4 of this report.

**REUNION METROPOLITAN DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**Debt administration.** During 2017, the District issued Series 2017 Revenue Bonds (Nonrated, Cash Flow, Fill-up bonds) in the original par amount of \$16,600,000 with the final par being \$21,600,000. The District issued the \$5,000,000 remaining bond in 2022. The bonds bear interest at 4% and are payable beginning December 15, 2017 based on available cash flow from excess revenues generated from the North Range Metropolitan District Nos. 1-4 developments. During 2018, the District approved the First Supplemental Trust Indenture increasing the amount to be deposited to the Project Fund from \$5,000,000 to \$10,200,000. No payments will be made on the 2017 Bonds until \$10,200,000 in excess revenues have been generated to fund certain capital improvements. This requirement was fulfilled in 2021 and an interest payment in the amount of \$2,417,118 was made in 2022.

During 2021, the District, acting through its Enterprise, issued Series 2021A Senior Bonds and 2021B Subordinate Bonds in the amount of \$44,425,000 and \$10,135,000, respectively. The Senior Bonds bear interest at 3.625% and the Subordinate Bonds bear interest at 8%. The purpose of the bonds were to finance the purchase of water rights credits which will be sold to the District, other Districts, or to builders within the Reunion Development and represents partial payment of the water resources component of the connection fees charged by SACWSD for water connections.

Additional information on the District's long-term obligations can be found within Note 5 of this report.

**Next Year's Budget and Rates**

The District has appropriated \$4,005,627 in the General Fund for spending in the 2023 fiscal year. It is intended that fund balance plus transfers from the North Range Metropolitan District Nos. 1 – 4, collectively the "North Range Districts and together with the District, will be sufficient to cover these expenditures.

**Request for Information**

Management's discussion and analysis is designed to provide a general overview of the District's finances. Questions concerning any of the information provided within this report or requests for additional information should be addressed to:

District Accountant of Reunion Metropolitan District  
8390 East Crescent Parkway, Suite 300  
Greenwood Village, CO 80111

## **BASIC FINANCIAL STATEMENTS**

**REUNION METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 2,926,310	\$ 5,244,319	\$ 8,170,629
Cash and Investments - Restricted	9,619,495	-	9,619,495
Accounts Receivable	122,014	-	122,014
Due From Other Governments	8,450	-	8,450
Prepaid and Other Assets	13,540	-	13,540
Capital Assets, Not Being Depreciated	56,760,164	43,669,334	100,429,498
Capital Assets, Net of Accumulated Depreciation	10,814,923	-	10,814,923
Total Assets	<u>80,264,896</u>	<u>48,913,653</u>	<u>129,178,549</u>
<b>LIABILITIES</b>			
Accounts Payable	780,313	22,993	803,306
Retainage Payable	252,175	-	252,175
Accrued Wages	14,400	-	14,400
Customer Deposits	12,936	-	12,936
Prepaid Assessments	153,425	-	153,425
Due to Other Governments	37,050	-	37,050
Due to Other Funds	-	-	-
Accrued Interest Payable	31,428	131,678	163,106
Noncurrent Liabilities:			
Due Within One Year	-	925,000	925,000
Due in More Than One Year	22,829,443	53,222,041	76,051,484
Total Liabilities	<u>24,111,170</u>	<u>54,301,712</u>	<u>78,412,882</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	44,767,373	(5,857,141)	38,910,232
Restricted For:			
Capital Projects	5,021,619	-	5,021,619
HOA Fund	495,867	-	495,867
Recreation Center	1,067,241	-	1,067,241
Unrestricted	4,801,626	469,082	5,270,708
Total Net Position	<u>\$ 56,153,726</u>	<u>\$ (5,388,059)</u>	<u>\$ 50,765,667</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Primary Government:							
Government Activities:							
General Government	\$ 546,751	\$ -	\$ 415,636	\$ -	\$ (131,115)	\$ -	\$ (131,115)
Parks	2,942,950	-	2,702,761	-	(240,189)	-	(240,189)
Recreation	1,506,451	1,244,591	-	-	(261,860)	-	(261,860)
HOA	326,077	313,431	127,160	-	114,514	-	114,514
Intergovernmental - NRMD 1, NRMD 2, NRMD3 Transfers	815,696	-	-	9,136,943	8,321,247	-	8,321,247
IGA Contribution from South Adams and Commerce City	-	-	-	399,814	399,814	-	399,814
Interest and Related Costs on Long-Term Obligations	1,221,180	-	-	-	(1,221,180)	-	(1,221,180)
Dedication of Assets to Other Entities	17,715,755	-	-	-	(17,715,755)	-	(17,715,755)
<b>Total Government Activities</b>	<b>\$ 25,074,860</b>	<b>\$ 1,558,022</b>	<b>\$ 3,245,557</b>	<b>\$ 9,536,757</b>	<b>(10,734,524)</b>	<b>-</b>	<b>(10,734,524)</b>
Business-Type Activities:							
Enterprise Fund	2,477,407	-	-	-	-	(2,477,407)	(2,477,407)
<b>Total Business-Type Activities</b>	<b>\$ 2,477,407</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>(2,477,407)</b>	<b>(2,477,407)</b>
<b>GENERAL REVENUES</b>							
Investment Income					197,383	107,258	304,641
Other Income					108,866	-	108,866
<b>Total General Revenues</b>					<b>306,249</b>	<b>107,258</b>	<b>413,507</b>
<b>CHANGE IN NET POSITION</b>					<b>(10,428,275)</b>	<b>(2,370,149)</b>	<b>(12,798,424)</b>
Net Position - Beginning of Year					66,582,001	(3,017,910)	63,564,091
<b>NET POSITION - END OF YEAR</b>					<b>\$ 56,153,726</b>	<b>\$ (5,388,059)</b>	<b>\$ 50,765,667</b>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

<b>ASSETS</b>	General	Special Revenue Rec Center	Special Revenue HOA	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 1,129,369	\$ 1,265,417	\$ 531,524	\$ -	\$ -	\$ 2,926,310
Cash and Investments - Restricted	-	-	-	25,709	9,593,786	9,619,495
Accounts Receivable, Net of Allowance	23,450	43,909	54,655	-	-	122,014
Prepaid Expenses	13,540	-	-	-	-	13,540
Due From Other Governments	7,170	-	-	-	1,280	8,450
<b>Total Assets</b>	<b>\$ 1,173,529</b>	<b>\$ 1,309,326</b>	<b>\$ 586,179</b>	<b>\$ 25,709</b>	<b>\$ 9,595,066</b>	<b>\$ 12,689,809</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Payables:						
Accounts	\$ 387,420	\$ 115,082	\$ 43,745	\$ -	\$ 234,066	\$ 780,313
Wages	7,933	6,467	-	-	-	14,400
Deposits	-	-	12,936	-	-	12,936
Prepaid Assessments	-	119,794	33,631	-	-	153,425
Due to Other Governments	-	-	-	-	37,050	37,050
Retainage Payable	-	742	-	-	251,433	252,175
<b>Total Liabilities</b>	<b>395,353</b>	<b>242,085</b>	<b>90,312</b>	<b>-</b>	<b>522,549</b>	<b>1,250,299</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid Expenses	13,540	-	-	-	-	13,540
Restricted for:						
Debt Service	-	-	-	25,709	-	25,709
Capital Projects	-	-	-	-	5,021,619	5,021,619
Committed:						
Capital Projects	-	-	-	-	4,050,898	4,050,898
Assigned to:						
Carriage Homes	81,328	-	-	-	-	81,328
Sterling Duets	63,692	-	-	-	-	63,692
Reunion Ridge Filing 1	22,944	-	-	-	-	22,944
Recreation Center	-	1,067,241	-	-	-	1,067,241
HOA	-	-	495,867	-	-	495,867
Unassigned	596,672	-	-	-	-	596,672
<b>Total Fund Balances</b>	<b>778,176</b>	<b>1,067,241</b>	<b>495,867</b>	<b>25,709</b>	<b>9,072,517</b>	<b>11,439,510</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,173,529</b>	<b>\$ 1,309,326</b>	<b>\$ 586,179</b>	<b>\$ 25,709</b>	<b>\$ 9,595,066</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

67,575,087

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(18,857,000)
Developer Advance Payable	(3,697,202)
Developer Advance Payable - Interest	(253,512)
Compensated Absences	(21,729)
	<u>(23,637,443)</u>

Net Position of Governmental Activities

\$ 56,153,726

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue Rec Center	Special Revenue HOA	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
MLEPA Payments	\$ 2,770,907	\$ -	\$ -	\$ 3,518,580	\$ 19,932	\$ 6,309,419
Carriage Home (NRMD 1 & 2 Sub-District)	228,774	-	-	-	-	228,774
Sterling Duet Fees (NRMD2)	80,968	-	-	-	-	80,968
Reunion Ridge F1 (NRMD3)	37,748	-	-	-	-	37,748
Recreation Fees	-	1,116,453	-	-	-	1,116,453
Recreation Fees - Other	-	28,299	-	-	-	28,299
Program Fees	-	99,839	-	-	-	99,839
Assessment	-	-	313,431	-	-	313,431
Violations and Penalties	-	-	44,621	-	-	44,621
AR Processing Fee	-	-	62,300	-	-	62,300
Legal Fees Reimbursement	-	-	20,239	-	-	20,239
Transfer from NRMD3	-	-	-	-	4,451,000	4,451,000
System Development Fees	-	-	-	-	1,147,431	1,147,431
Cost Reimbursement South Adams County	-	-	-	-	399,814	399,814
Net Investment Income	18,678	11,704	2,416	42,140	122,445	197,383
Miscellaneous Income	257	39,170	-	-	69,439	108,866
Total Revenues	<u>3,137,332</u>	<u>1,295,465</u>	<u>443,007</u>	<u>3,560,720</u>	<u>6,210,061</u>	<u>14,646,585</u>
<b>EXPENDITURES</b>						
General and Administrative:						
General Government	442,806	-	-	-	110,942	553,748
Intergovernmental	62,296	-	-	-	753,400	815,696
District Property Maintenance	2,541,832	-	-	-	-	2,541,832
Recreation Center:						
Rec Center Operations	-	802,336	-	-	-	802,336
Pool Operations	-	258,928	-	-	-	258,928
Programs	-	103,207	-	-	-	103,207
Reunion Park Concession Building	-	9,965	-	-	-	9,965
Reunion Coffee House	-	11,804	-	-	-	11,804
Recreation Amenities	-	47,174	-	-	-	47,174
HOA:						
HOA Operations	-	-	326,077	-	-	326,077
Debt Service:						
Paying Agent/Trustee Fees	-	-	-	3,500	-	3,500
Bond Interest	-	-	-	2,417,118	-	2,417,118
Bond Principal	-	-	-	1,993,000	-	1,993,000
Capital :						
Capital Outlay	-	-	-	-	4,587,455	4,587,455
Total Expenditures	<u>3,046,934</u>	<u>1,233,414</u>	<u>326,077</u>	<u>4,413,618</u>	<u>5,451,797</u>	<u>14,471,840</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	90,398	62,051	116,930	(852,898)	758,264	174,745
<b>OTHER FINANCING SOURCES (USES)</b>						
Developer Advance	-	-	-	-	3,758,325	3,758,325
Developer Advance Repayment	-	-	-	-	(4,451,000)	(4,451,000)
Bond Issuance	-	-	-	-	5,000,000	5,000,000
Transfer to Other Fund	-	-	-	-	(255,480)	(255,480)
Transfer from Other Fund	-	-	-	255,480	-	255,480
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,480</u>	<u>4,051,845</u>	<u>4,307,325</u>
<b>NET CHANGE IN FUND BALANCES</b>	90,398	62,051	116,930	(597,418)	4,810,109	4,482,070
Fund Balances - Beginning of Year	687,778	1,005,190	378,937	623,127	4,262,408	6,957,440
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 778,176</u>	<u>\$ 1,067,241</u>	<u>\$ 495,867</u>	<u>\$ 25,709</u>	<u>\$ 9,072,517</u>	<u>\$ 11,439,510</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ 4,482,070

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

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

Capital Outlay	4,646,156
Depreciation	(741,869)
Dedication of Assets to Other Entities	(17,715,755)

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

Developer Advance	(3,758,325)
Developer Advance Repayment	4,451,000
Bond Issuance	(5,000,000)
Bond Principal Payment	1,993,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advances - Change in Liability	(249,147)
Accrued Interest on Bonds Payable - Change in Liability	1,448,585
Change in Compensated Absences	16,010

Change in Net Position of Governmental Activities \$ (10,428,275)

**REUNION METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
MLEPA Payment - NRMD1	\$ 1,794,450	\$ 1,667,248	\$ (127,202)
MLEPA Payment - NRMD2	993,713	883,861	(109,852)
MLEPA Payment - NRMD3	210,446	212,499	2,053
MLEPA Payment - NRMD4	7,393	7,299	(94)
Net Investment Income	290	18,678	18,388
Alleyway Costs Reimbursement	3,000	-	(3,000)
Carriage Home (NRMD 1 & 2 Sub-District)	226,980	228,774	1,794
Sterling Duet Fees (NRMD 2)	35,000	80,968	45,968
Reunion Ridge F1 (NRMD 3)	-	37,748	37,748
Miscellaneous Income	10,000	257	(9,743)
Total Revenues	<u>3,281,272</u>	<u>3,137,332</u>	<u>(143,940)</u>
<b>EXPENDITURES</b>			
General Operations and Administration	332,780	442,806	(110,026)
Intergovernmental	125,791	62,296	63,495
District Property Maintenance	3,145,296	2,541,832	603,464
Total Expenditures	<u>3,603,867</u>	<u>3,046,934</u>	<u>556,933</u>
<b>NET CHANGE IN FUND BALANCE</b>	(322,595)	90,398	412,993
Fund Balance - Beginning of Year	<u>552,350</u>	<u>687,778</u>	<u>135,428</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 229,755</u>	<u>\$ 778,176</u>	<u>\$ 548,421</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND – REC CENTER  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Recreation Fees	\$ 957,600	\$ 957,600	\$ 1,116,453	\$ 158,853
Recreation Fees - Other (Allowance for Fees Not Collected)	10,000 (5,000)	10,000 (5,000)	28,299 -	18,299 5,000
Program Fees	175,000	175,000	99,839	(75,161)
Net Investment Income	450	450	11,704	11,254
Miscellaneous Income	5,000	5,000	39,170	34,170
Total Revenues	<u>1,143,050</u>	<u>1,143,050</u>	<u>1,295,465</u>	<u>152,415</u>
<b>EXPENDITURES</b>				
Rec Center Operations	794,604	794,604	802,336	(7,732)
Reunion Park Pool Operations	203,731	203,731	126,255	77,476
Southlawn Pool Operations	177,901	177,901	132,673	45,228
Programs	172,091	172,090	103,207	68,883
Reunion Park Concession Building	19,100	19,100	9,965	9,135
Reunion Coffee House	39,000	39,000	11,804	27,196
Recreation Amenities	135,000	275,000	47,174	227,826
Total Expenditures	<u>1,541,427</u>	<u>1,681,426</u>	<u>1,233,414</u>	<u>448,012</u>
<b>NET CHANGE IN FUND BALANCE</b>	(398,377)	(538,376)	62,051	600,427
Fund Balance - Beginning of Year	<u>649,418</u>	<u>1,005,190</u>	<u>1,005,190</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 251,041</u>	<u>\$ 466,814</u>	<u>\$ 1,067,241</u>	<u>\$ 600,427</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND – HOA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Assessment	\$ 268,800	\$ 301,664	\$ 313,431	\$ 11,767
Violations and Penalties	5,000	35,000	44,621	9,621
(Allowance for Fees Not Collected)	(15,000)	-	-	-
AR Processing Fee	15,000	55,530	62,300	6,770
HOA Other Fees	2,000	-	-	-
Legal Fees Reimbursement	5,000	25,888	20,239	(5,649)
Net Investment Income	300	1,000	2,416	1,416
Total Revenues	<u>281,100</u>	<u>419,082</u>	<u>443,007</u>	<u>23,925</u>
<b>EXPENDITURES</b>				
HOA Operations	<u>277,389</u>	<u>327,000</u>	<u>326,077</u>	<u>923</u>
Total Expenditures	<u>277,389</u>	<u>327,000</u>	<u>326,077</u>	<u>923</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,711	92,082	116,930	24,848
Fund Balance - Beginning of Year	<u>380,294</u>	<u>378,937</u>	<u>378,937</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 384,005</u></u>	<u><u>\$ 471,019</u></u>	<u><u>\$ 495,867</u></u>	<u><u>\$ 24,848</u></u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
ENTERPRISE FUND  
DECEMBER 31, 2022**

	Enterprise
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and Investments	\$ 5,244,319
Total Current Assets	5,244,319
<b>CAPITAL ASSETS</b>	
ERU Credits	43,669,334
Total Capital Assets	43,669,334
Total Assets	\$ 48,913,653
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 22,993
Accrued Interest Payable	131,678
Bonds Payable - Current Portion	925,000
Total Current Liabilities	1,079,671
<b>LONG-TERM LIABILITIES</b>	
Bonds Payable, Net of Unamortized Original Issue Discount	53,222,041
Total Long-Term Liabilities	53,222,041
Total Liabilities	54,301,712
<b>NET POSITION</b>	
Net Investment in Capital Assets	(5,857,141)
Unrestricted	469,082
Total Net Position	(5,388,059)
Total Liabilities and Net Position	\$ 48,913,653

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 2022**

	Enterprise
<b>OPERATING REVENUES</b>	
Total Operating Revenues	\$ -
<b>OPERATING EXPENSES</b>	
ERU Admin Fee	10,250
Administrative and Filing Fees	5,726
Total Operating Expenses	15,976
<b>OPERATING INCOME</b>	(15,976)
<b>NONOPERATING REVENUES AND EXPENSES</b>	
Net Investment Income	107,258
Bond Interest - Series 2021A	(1,607,883)
Paying Agent/Trustee Fees	(10,316)
Bond Interest - Series 2021B	(843,232)
Total Nonoperating Revenues and Expenses	(2,354,173)
<b>CHANGE IN NET POSITION</b>	(2,370,149)
Total Net Position - Beginning of Year	(3,017,910)
<b>TOTAL NET POSITION - END OF YEAR</b>	\$ (5,388,059)

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 2022**

	Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 351,712
Payments to Suppliers	(7,240)
Net Cash Provided by Operating Activities	344,472
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Other Expenses	(2,455,722)
Net Cash Used by Noncapital Financing Activities	(2,455,722)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	107,258
Net Cash Provided by Investing Activities	107,258
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,003,992)
Cash and Cash Equivalents - Beginning of Year	7,248,311
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 5,244,319
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (15,976)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
(Increase) Decrease in:	
Accounts Receivable	351,712
Increase (Decrease) in:	
Accounts Payable	8,736
Net Cash Provided by Operating Activities	\$ 344,472

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Reunion Metropolitan District (Reunion or 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 27, 2000, 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, 3, 4 and 5 (collectively, NRMDs). Reunion and the NRMDs have entered into intergovernmental agreements whereby Reunion provides the construction for street improvements, storm drainage improvements, safety protection facilities, water and wastewater improvements, sanitation, park and recreation, transportation, and mosquito control. The service plan anticipates that Reunion will be responsible for managing the construction, operation and maintenance of such improvements and facilities and that the NRMDs will provide the necessary funding to Reunion.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

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 period. The major sources of revenue susceptible to accrual are service fees and Commerce City sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Special Revenue Funds are used to collect and disperse money designated for specific purposes due to legal or contractual agreements. The Special Revenue Funds are used to account for Recreation Center (Rec Center) revenues and the District's Homeowners Association (HOA) revenues.

The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest and other costs related to the Series 2017 Bonds.

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

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

The District reports the following major enterprise fund:

The Enterprise Fund accounts for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers or other charges between the government's business functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

**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 amended its annual budget for the year ended December 31, 2022.

**Pooled Cash and Investments**

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

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**Property Taxes**

Property taxes are levied by the District 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.

The District currently levies no property taxes.

**Capital Assets**

Capital assets, which include property, plant, equipment, tap fees and water rights, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported 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 invested in capital assets, net of related debt component of the District's net position.

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

Upon completion of construction, arterial street construction improvements, traffic signals, and certain storm drainage improvements are dedicated to the city of Commerce City and South Adams County Water and Sanitation District and are shown as a reduction to capital assets. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Park Infrastructure and Buildings	30 Years
Office Buildings and Recreation Centers	40 Years
Furniture, Machinery, and Equipment	3 to 10 Years

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**Amortization**

**Original Issue Premium**

In the government-wide financial statements and enterprise fund types in the fund financial statements, bond premiums are deferred and amortized over the lives of the bonds using the effective interest method.

**Compensated Absences**

The District has a policy that allows employees to accumulate paid time off up to certain maximum hours or amounts. Compensated absences are accrued when incurred in the government-wide, financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

**Development Fees**

Pursuant to the System Development Fee Resolution, the District has authorized and imposed a system development fee for residential, commercial, and industrial property owners. The fee, which is periodically reset, is designed to recover a portion of the estimated costs of the construction of arterial roadways, arterial landscaping, storm drainage facilities, and the park system. The fees are recorded as revenue when received.

Pursuant to the intergovernmental agreement with Commerce City, the District has authorized and imposed a City Credit Fee for residential, commercial, and industrial property owners equal to the road impact fee established by Commerce City. To the extent that the District expends funds for road projects that would otherwise be built by the city from proceeds of the road impact fee, the District is entitled to collect and retain the City Credit Fee. This agreement expired at the end of 2021.

**Deferred Inflows 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 assets 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 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.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**Equity (Continued)**

**Fund Balance**

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

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

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

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Deposits with Financial Institutions	\$ 973,853
Investments	16,816,271
Total Cash and Investments	<u>\$ 17,790,124</u>

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

Cash and investments as of December 31, 2022, consist of the following:

Statement of Net Position:

Cash and Investments	\$ 8,170,629
Cash and Investments - Restricted	<u>9,619,495</u>
Total Cash and Investments	<u><u>\$ 17,790,124</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, 2022, the District's cash deposits had a bank balance of \$983,169 and a carrying balance of \$973,853.

**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.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**Investments (Continued)**

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

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

As of December 31, 2022, 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	\$ 16,816,271

**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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**COLOTRUST (Continued)**

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, 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 PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. 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 or weekly, and there is no redemption notice period.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance at December 31, 2021	Additions	Transfers and Retirements	Balance at December 31, 2022
<u>Governmental Activities</u>				
Capital Assets, Not Being				
Depreciated:				
Land and Land Improvements	\$ 10,558,733	\$ -	\$ -	\$ 10,558,733
Public Infrastructure to				
be Dedicated	2,738,042	45,116,765	17,715,755	30,139,052
Tap Fees and Water Rights	2,391,371	-	-	2,391,371
Construction in Process	<u>54,168,871</u>	<u>4,618,902</u>	<u>45,116,765</u>	<u>13,671,008</u>
Total Capital Assets, Not Being Depreciated	69,857,017	49,735,667	62,832,520	56,760,164
Capital Assets, Being				
Depreciated:				
Buildings	7,543,864	-	-	7,543,864
Underdrain	147,423	-	-	147,423
Park System Improvements				
Other Than Buildings	10,370,304	-	-	10,370,304
Machinery and Equipment	<u>473,703</u>	<u>27,254</u>	<u>-</u>	<u>500,957</u>
Total Capital Assets, Being Depreciated	18,535,294	27,254	-	18,562,548
Less: Accumulated				
Depreciation For:				
Buildings	(2,592,079)	(338,032)	-	(2,930,111)
Underdrain	(24,148)	(7,371)	-	(31,519)
Park System Improvements				
Other Than Buildings	(3,993,944)	(371,814)	-	(4,365,758)
Machinery and Equipment	<u>(395,585)</u>	<u>(24,652)</u>	<u>-</u>	<u>(420,237)</u>
Total Accumulated Depreciation	(7,005,756)	(741,869)	-	(7,747,625)
Total Capital Assets, Being Depreciated, Net	<u>11,529,538</u>	<u>(714,615)</u>	<u>-</u>	<u>10,814,923</u>
Governmental Activities Capital Assets, Net	<u>\$ 81,386,555</u>	<u>\$ 49,021,052</u>	<u>\$ 62,832,520</u>	<u>\$ 67,575,087</u>
<u>Business-Type Activities</u>				
Capital Assets, Not Being				
Depreciated:				
ERU Credits	<u>\$ 43,669,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,669,333</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 43,669,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,669,333</u>

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Public infrastructure to be dedicated includes those projects that are to be dedicated to Commerce City or South Adams Water and Sanitation District upon completion of construction and the appropriate acceptance. During 2022, a portion of the capital assets constructed by the District were conveyed to other governmental entities.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

Parks	\$	389,169
Recreation		343,687
General		9,013
Total Depreciation Expense - Governmental Activities	\$	741,869

**NOTE 5 LONG-TERM OBLIGATIONS**

The District's outstanding long-term obligations at December 31, 2022, were as follows:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
Series 2017	\$ 15,850,000	\$ 5,000,000	\$ 1,993,000	\$ 18,857,000	\$ -
Accrued Interest on:					
Series 2017	1,480,013	968,533	2,417,118	31,428	-
Subtotal of Bonds Payable	17,330,013	5,968,533	4,410,118	18,888,428	-
Other Debts:					
Developer Advance Payable	4,389,877	3,758,325	4,451,000	3,697,202	-
Compensated Absences	37,739	-	16,010	21,729	-
Accrued Interest on:					
Developer Advance Interest	4,365	249,147	-	253,512	-
Subtotal of Other Debts	4,431,981	4,007,472	4,467,010	3,972,443	-
Total Governmental Activities	21,761,994	9,976,005	8,877,128	22,860,871	-
<u>Business-Type Activities</u>					
Bonds Payable:					
Series 2021A	44,425,000	-	835,000	43,590,000	925,000
Original Issue Discount	(826,591)	-	-	(826,591)	-
Series 2021B	10,135,000	-	-	10,135,000	-
Accrued Interest on:					
Series 2021B	405,400	843,232	-	1,248,632	-
Total Business-Type Activities	54,138,809	843,232	835,000	54,147,041	925,000
Total Long-Term Obligations	\$ 75,900,803	\$ 10,819,237	\$ 9,712,128	\$ 77,007,912	\$ 925,000

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2017 Revenue Bonds**

On June 30, 2017, the District issued Revenue Bonds in the original par amount of \$16,600,000 with the final par amount being \$21,600,000. The 2017 Bonds bear Interest at 4.00%. Interest is payable annually on December 15, beginning on December 15, 2017, through and including the maturity date of December 15, 2047. Interest is calculated on the basis of a 360-day year of twelve 30-day months. Interest is payable to the extent of pledged revenue available on each December 15. The 2017 Bonds are secured by and payable solely from Pledged Revenue, consisting of monies derived by the District from the following sources: (i) Surplus Debt Mill levy Revenues as defined by the MLEPA, (defined below) (ii) System Development Fee Revenues not otherwise pledged to the NRMD Districts, (iii) City Credit Fee Revenues, (iv) Use Tax revenues, and (v) Surplus Sales Tax Revenues. At this time, the schedule of repayments on the 2017 Bonds is unknown and will be made when cash flow is available. With the issuance of these 2017 Bonds, the District assumed and paid the developer advance liability of North Range Metropolitan District No. 2 (NRMD 2) under the Amended and Restated Advance and Reimbursement Agreement between Shea Homes and NRMD 2, dated July 3, 2007. The total amount outstanding as of June 30, 2017 was \$10,236,429. \$9,629,586 was paid and \$606,843 was forgiven. Additionally, the District repaid amounts due and owing under the 2016 Amended and Restated Facilities Acquisition Agreement.

On December 18, 2018, the District approved the First Supplemental Trust Indenture in order to increase the amount of pledged revenues to be deposited into the NRMD 2 Project Fund from \$5,000,000 to \$10,200,000. No payments were made on the Bonds until \$10,200,000 in excess revenues were generated to fund capital improvements. Through December 31, 2022, the District has deposited \$10,200,000 of pledged revenues into the NRMD 2 Project Fund and an interest payment in the amount of \$2,417,118 and a principal payment in the amount of \$1,993,000 was made on the 2017 Bonds.

**Series 2021A Bonds**

The District, through its Enterprise, issued the Senior Bonds and the Subordinate Bonds on June 30, 2021, in the respective amounts of \$44,425,000 and \$10,135,000. The proceeds from the sale of the Bonds were used for the purposes of (i) paying the purchase price for the RMD/ERU Water Credits as defined in the Indenture; (ii) funding the Senior Reserve Fund; (iii) providing capitalized interest on the Senior Bonds, and; (iv) paying costs of issuance of the Bonds.

The Senior Bonds bear interest at 3.625%, payable semi-annually on June 1 and December 1 ("Interest Payment Dates"), beginning on December 1, 2021. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2022. The Senior Bonds mature on December 1, 2044.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid or discharged. To the extent interest on any Senior 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.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2021A Bonds (Continued)**

In the event that any amount of principal or interest on the Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available after the sale of all RMD/ERU Water Credits, the Senior Bonds shall be deemed discharged.

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, net of the cost of collection, which is defined generally in the Senior Indenture as:

- (a) all Water Credit Fee Revenues;
- (b) all Net Bulk Sale Proceeds;
- (c) all ERU Remedy Revenues; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

The Senior Bonds and the Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026 and June 1, 2026, respectively, 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 Senior Bonds</u>	<u>Date of Redemption Subordinate Bonds</u>	<u>Redemption Premium</u>
June 1, 2026, to May 31, 2027	June 1, 2026, to May 31, 2027	3.00 %
June 1, 2027, to May 31, 2028	June 1, 2027, to May 31, 2028	2.00
June 1, 2028, to May 31, 2029	June 1, 2028, to May 31, 2029	1.00
June 1, 2029 and Thereafter	June 1, 2029 and Thereafter	-

The Senior Reserve Fund is initially to be funded in the amount of the Reserve Requirement of \$3,341,906.26 upon the issuance of the Bonds. The Senior Reserve Fund is required to be maintained in an amount equal to the lesser of the Reserve Requirement or 10% of the principal amount of the Senior Bonds then outstanding, calculated on each Interest Payment Date and on the date of any optional redemption.

Following each Interest Payment Date and the date of any optional redemption, any balance in excess of the Reserve Requirement shall be transferred to the Senior Bond Fund on or before the next Interest Payment Date.

Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds or replenish the Reserve fund to the Reserve Requirement in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$4,442,500. The Senior Surplus Fund is required to be maintained in an amount equal to the lesser of the Maximum Surplus Amount or 10% of the principal amount of the Senior Bonds then outstanding, calculated on each Interest Payment Date and on the date of any optional redemption.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2021A Bonds (Continued)**

Following each Interest Payment Date and the date of any optional redemption, any balance in excess of the Maximum Surplus Amount shall be transferred to the Senior Bond Fund on or before the next Interest Payment Date.

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

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 925,000	\$ 1,580,138	\$ 2,505,138
2024	1,020,000	1,546,606	2,566,606
2025	1,125,000	1,509,631	2,634,631
2026	1,205,000	1,468,850	2,673,850
2027	1,290,000	1,425,169	2,715,169
2028-2032	7,825,000	6,360,062	14,185,062
2033-2037	10,480,000	4,754,550	15,234,550
2038-2042	13,415,000	2,647,338	16,062,338
2043-2044	6,305,000	345,462	6,650,462
Total	<u>\$ 43,590,000</u>	<u>\$ 21,637,806</u>	<u>\$ 65,227,806</u>

**Series 2021B Bonds**

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. Instead, principal on the Subordinate Bonds is payable annually on each December 15 from and to the extent of Pledged Revenue available, pursuant to a mandatory redemption. To the extent principal of any Bond is not paid when due, such principal is to remain outstanding until the earlier of its payment or the date on which the Subordinate Bonds are discharged and is to continue to bear interest at the rate then borne by the Subordinate Bond. The Subordinate Bonds mature on December 15, 2044.

The Subordinate Bonds bear interest at the rate of 8.0% per annum, payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. Unpaid interest on the Subordinate Bonds compounds annually on each December 15, at the rate then borne by the Subordinate Bond.

In the event that any amount of principal or interest on the Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available after the sale of all RMD/ERU Water Credits, the Subordinate Bonds shall be deemed discharged.

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means:

- (a) any Senior Pledged Revenue after deduction of any amount applied to the payment of any Senior Obligations; and
- (b) any other legally available moneys which the Issuer determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 7, 2000, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$1,036,000,000 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 2000 authorization, they should not rely upon the validity of the 2000 authorization with respect to the unissued debt. The Board has adopted this position and considers the 2000 authorization to be stale with respect to unissued debt. On May 5, 2020, the District's voters authorized total indebtedness of \$928,000,000 at an interest rate not to exceed 18% per annum.

Per the Service Plan, the District is permitted to issue bond indebtedness of up to \$280,000,000. The District has \$258,400,000 of authorization remaining. 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.

**Amended and Restated Facilities Acquisition Agreement**

On August 2, 2016, the District and Shea Homes Limited Partnership (the Developer) entered into an Amended and Restated Facilities Acquisition Agreement (the Facilities Acquisition Agreement), pursuant to which the Developer has agreed to either advance funds to the District to finance construction of Public Improvements to serve the North Range Districts or to construct such Public Improvements. The District has agreed to reimburse the Developer for such advances or construction and, where applicable, to acquire the Public Improvements constructed by the Developer subject to and in accordance with the terms of the Facilities Acquisition Agreement.

The Facilities Acquisition Agreement provides that the District will reimburse the Developer for all costs eligible for reimbursement by the District which are advanced by the Developer or incurred by the Developer in connection with the public Improvements, together with simple interest accrued at a rate equal to the Municipal Market Data (MMD) BAA 30-year index, plus 5%, not to exceed a maximum interest rate of 8% simple interest, as determined at the time at which such repayment obligation is incurred.

The District is required to fund such reimbursement amounts either from the proceeds of bonds issued by one or more of the Districts or from other revenues of the District not otherwise required for reasonable operating costs of the District. The Facilities Acquisition Agreement provides that any mill levy certified by the District and/or the North Range Districts for the purposes of repaying costs thereunder may not exceed the Equalization Mill Levy, as defined in MLEPA, less amounts needed to service existing debt of the District and/or the North Range Districts. The Facilities Acquisition Agreement states that such mill levy limitation applies only to the extent that the District and/or the North Range Districts certify a mill levy to directly repay repayment obligations thereunder, and does not apply as a limit on any mill levy that may be pledged to any loans, bonds or reimbursement debt obligations unless specifically set forth in documents authorizing such instruments. All amounts owed by the District pursuant to the Facilities Acquisition Agreement are subject to annual appropriation by the District, unless the District determines to issue a reimbursement debt obligation with respect to any repayment obligation. As of December 31, 2022, no amounts are due and owing to the Developer as all amounts were paid prior to year-end.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

**Funding and Reimbursement Agreement**

On December 19, 2017, the District and Clayton Properties Group II, Inc. (the New Developer) entered into a Funding and Reimbursement Agreement, pursuant to which the New Developer has agreed to advance funds to the District to finance construction of Public Improvements to serve the North Range Districts. The District has agreed to reimburse the New Developer for such advances and, where applicable, to acquire the Public Improvements constructed by the New Developer subject to and in accordance with the terms of the Funding and Reimbursement Agreement.

The New Developer has agreed to advance the District an amount up to \$61,246,320 through December 31, 2022 (the Loan Obligation Termination Date). The Loan Obligation Termination Date shall automatically extend for one additional year thereafter unless the New Developer provides written notice of termination to the District.

The District will reimburse the New Developer for all costs advanced by the New Developer with simple interest accrued at 6.5% annually. The District intends to repay any advances made under this Agreement from ad valorem taxes, fees, or other legally available revenues of the District, net of any debt services or current operations and maintenance costs of the District. The ad valorem taxes available to the District for the purpose of repaying advances shall not exceed the mill levy allowed pursuant to the Mill Levy Equalization and Pledge Agreement. As of December 31, 2022, outstanding advances under the agreement totaled \$3,697,202 and accrued interest totaled \$253,512.

**NOTE 6 NET POSITION**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had the following net investment in capital assets, calculated as follows:

Capital Assets, Net:	\$ 67,575,087
Noncurrent Portion of Outstanding Long-Term Obligations	(22,807,714)
Net Investment in Capital Assets	<u>\$ 44,767,373</u>
Capital Assets - Enterprise, Net:	\$ 43,669,333
Unspent Bond Proceeds	3,353,674
Bond Premium (Net of Accumulated Amortization)	844,852
Current Portion of Long-Term Obligations	(925,000)
Noncurrent Portion of Outstanding Long-Term Obligations	(52,800,000)
Net Investment in Capital Assets - Enterprise	<u>\$ (5,857,141)</u>

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 NET POSITION (CONTINUED)**

The restricted component of net position include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2022, as follows:

Restricted Net Position:	
Capital Projects	\$ 5,021,619
HOA Fund	495,867
Recreation Center	1,067,241
Total Restricted Net Position	<u>\$ 6,584,727</u>

**NOTE 7 RELATED PARTIES**

The original Developer of the property which constitutes the District, as well as the Reunion Development, was Shea Homes Limited Partnership. In 2017, Shea Homes sold the majority of the undeveloped property in the Reunion Development to Clayton Properties Group II, Inc. (the New Developer). The members of the Board of Directors are employees, owners, or otherwise associated with the Developer or New Developer, and may have conflicts of interest in dealing with the District.

**NOTE 8 AGREEMENTS**

**Amended Mill Levy Equalization and Pledge Agreement**

On June 3, 2016, the District entered into a Mill Levy Equalization and Pledge Agreement (MLEPA) with North Range Districts Nos 1-4 (collectively, the MLEPA Districts and individually, a 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 administering, acquiring, installing, constructing, designing, 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 the Districts.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Amended 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 issued by the North Range Districts respectively, 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 defines the term "Senior Bonds" as all bonds issued by the applicable North Range District (now or in the future) which bonds shall be senior to any obligations of the applicable North Range District under the MLEPA as to the Developer Debt. The MLEPA defines the term Reunion Bonds as the Revenue Bonds, Series 2017 in an aggregate principal amount not to exceed \$21,600,000. So long as the 2017 Reunion Bonds remain outstanding, the North Range Districts shall each impose a Debt Service Mill Levy in the amount of 50 mills, subject to adjustment. As of the date of the amended MLEPA, no bonds, notes, Developer Debt, or any other debt obligation may be incurred by the North Range Districts. During 2022, the District received \$6,309,419 in payments under this agreement.

**District Operating Services Agreement**

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

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 AGREEMENTS (CONTINUED)**

**District Operating Services Agreement (Continued)**

In order to facilitate such coordination, the District Operating Services Agreement requires that the District 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. The agreement contemplates the possibility of the North Range Districts hiring separate administrative services, subject to conditions, including the amendment of the agreement. NRMD 1, NRMD 2 and NRMD 3 have hired their own manager. 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 the District 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 the District 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 the District 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 the District 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 the District borrows revenues to pay the Operating Services. In the event revenues from the Operations and Maintenance Mill Levy received by the District under the MLEPA are not appropriated by the applicable North Range Districts or are otherwise insufficient to pay the Costs for whatever reason, the Reunion District may impose User Fees to pay all such Costs in accordance with the District Operating Services Agreement. The District 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.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Development Fees**

The District and the City of Commerce City have agreed to impose and collect certain system development fees on all property within the development and to use the revenue collected from those fees to fund public infrastructure within the development. A portion of the system development fees collected by the District from property within North Range Metropolitan District No. 2, up to a maximum of \$7,725,000, is pledged to pay the bonds of North Range Metropolitan District No. 2. Additionally, a portion of the system development fees collected by the District from property within North Range Metropolitan District No. 3 is pledged to pay the bonds of North Range Metropolitan District No. 3.

The District has entered into an agreement with the City of Commerce City whereby to the extent the District builds certain public infrastructure to benefit the District development, the District is entitled to receive the following from the Commerce City: a) proceeds from the Road Impact Fee assessed upon new development by Commerce City within the boundaries of the District and NRMD's; b) 33% of the revenue received with respect to building permits issued for property within the boundaries of the District and NRMD's; and c) an amount equal to 33% of any sales and use tax revenue collected by the City on property within the District and the NRMD's. The agreement commenced on January 1, 2002, and is binding for a term of 20 years. The agreement expired on December 31, 2021.

The total revenues and transfers from the above are as follows:

	2022	Cumulative
System Development Fees (SDF)	\$ 1,147,431	\$ 16,524,835
Commerce City Road Impact Fees	-	4,623,480
Commerce City Building Permits	-	1,631,273
Commerce City Sales/Use Tax Revenue	-	7,110,244
Gross Revenue	<u>\$ 1,147,431</u>	<u>\$ 29,889,832</u>
Reunion SDF Transferred to NRMD 1	\$ -	\$ 5,499,973
Reunion SDF Transferred to NRMD 2	753,400	8,095,322
Reunion SDF Transferred to NRMD 3	968,056	4,094,931
Net Development Fees Collected	<u>\$ 1,721,456</u>	<u>\$ 17,690,226</u>

**Cost Share Agreement Related to the 112<sup>th</sup> Ave Improvements**

On November 4, 2019, the District entered into a Cost Share Agreement with the City of Commerce City for the purpose of funding the construction of 112<sup>th</sup> Avenue from Chambers Road to Parkside Drive North (the Project). The District will undertake and complete all the design and permitting work associated with the Project. The parties shall pay their percentage costs associated with the design work for the Project. The District shall fund the initial design work costs and the City shall reimburse the District for its portion upon submission of a design certification by the District engineer.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Cost Share Agreement Related to the 112<sup>th</sup> Ave Improvements (Continued)**

The District shall be responsible for coordinating the construction of each element of the Project. Total estimated City Share of the project costs is \$5,456,717. City shall pay the District \$500,000 as initial installment against its share of the project costs. Thereafter, at the conclusion of each following quarters, the City will issue quarterly payments in the amount of \$2,500,000 and \$2,000,000. A final payment in the amount of \$456,717 will be issued at the time of substantial completion, or the end of the 3<sup>rd</sup> quarter, whichever is later. Upon completion of the Project, operation and maintenance shall also be allocated among the parties. The District will be responsible for maintaining the landscaping and irrigation adjacent to the Reunion community, detention and water quality ponds constructed within Reunion Village 7-A and 7-B, and all underdrain infrastructure.

The City will be responsible for maintaining the 112<sup>th</sup> Ave and Buffalo Run parking lot expansion, landscaping and irrigation along the north and south side of 112<sup>th</sup> Ave adjacent to the Buffalo Run Golf Course, as well as landscaping and irrigation within the Buffalo Run Golf Course property, including any water bills to SACWSD. All potable and nonportable water lines and sanitary sewer infrastructure will be responsibility of SACWSD. On February 2, 2021, the agreement was amended to include reimbursement from the City in the amount of \$143,800 for the acquisition and transfer of parcel E-P2.

**Intergovernmental Agreement with South Adams County Water and Sanitation District**

On December 11, 2019, the District entered into an Intergovernmental Agreement with South Adams Water and Sanitation District (SACWSD) regarding the improvements of 112<sup>th</sup> Avenue from Chambers Road to Parkside Drive North (112<sup>th</sup> Improvements). SACWSD has requested a nonportable irrigation waterline be designed and built as part of the 112<sup>th</sup> Improvements. The District shall fund the costs associated with the design and construction of the waterline and SACWSD shall reimburse the District upon submission of a written certification by the District engineer.

**Agreement Related to the Reunion Ridge Filing No. 1 and South Adams Project**

On June 20, 2020, the District entered into an Agreement with South Adams County Water and Sanitation District for the purpose of the construction of SACWSD's Project, which crosses with the Reunion Ridge Filing No. 1 Project. The District will undertake and complete all the design and permitting work associated with both projects. The parties shall pay the costs associated with the design work for each respective Project. The District shall fund the initial costs and SACWSD shall reimburse the District for its portion of the project upon submission of a design certification by the District engineer.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 DEFERRED COMPENSATION PLAN**

The District currently offers to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, the United States Council of Mayors Public Employees Deferred Compensation Program, administered by Nationwide Retirement Solutions. Participation in the plan is optional for all employees. However, the District will match employee contributions for regular full-time employees up to 3% of eligible compensation. The plan allows employees to defer a portion of their salary until future years. All amounts deferred are held in trust for the exclusive benefit of participating employees.

**NOTE 10 RISK MANAGEMENT**

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

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

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

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

On November 7, 2000, a majority of the District's electors 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.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

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 operating revenues in the General Fund are property taxes transferred from the North Range Districts pursuant to an intergovernmental agreement. Therefore, the emergency reserve related to the revenues are reported in the respective North Range District.

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

**NOTE 12 LITIGATION**

On December 8, 2022, the District filed a Complaint in Adams County District Court (Case No. 2022 CV 31644) (the "Litigation") against North Range Metropolitan District No. 1 and the Board of Directors of North Range Metropolitan District No. 1 (collectively, "NR1") and North Range Metropolitan District No. 2 and the Board of Directors of North Range Metropolitan District No. 2 (collectively, "NR2" and together with NR1, the "Defendants"). The Amended Complaint (filed December 12, 2022) summarizes the District's position as follows:

"Through this lawsuit, [the District] seeks a declaration that [NR1] and [NR2] cannot simply refuse to take legally required action to pay their debts incurred to fund tens of millions of dollars of public improvements installed within the boundaries of NR1 and NR2 (the "Public Improvements")."

NR1 and NR2 are in violation of certain agreements between the parties as well as in violation of the Supplemental Public Securities Act, C.R.S. §11-57-201 et seq. To preserve the Public Improvements and to ensure compliance with the pertinent securities, Reunion asks the Court to declare that the [District and Defendant] agreements [particularly the Mill Levy Equalization and Pledge Agreement dated June 3, 2016, as amended (the "MLEPA") and the Operating Services Agreement, dated June 3, 2016] are valid, issue a preliminary and permanent injunction, issue a writ of mandamus, and to impose the equitable remedy of a receiver."

On January 1, 2023, the Defendants filed their Answer and Counterclaims. The Defendants assert three counterclaims against the District: (1) declaratory relief that the MLEPA be deemed invalid, (2) breach of contract related to the MLEPA and (3) civil theft for transfer of funds subject to the MLEPA.

**REUNION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 12 LITIGATION (CONTINUED)**

On May 9, 2023, the District Court entered an Order Concerning Amended Motion for Appointment of Receiver, for Preliminary Injunction, and For Mandamus Relief, appointing The Receiver Group, LLC, as a receiver. Such order requires the Defendants to comply with the terms of the MLEPA. On May 19, 2023, the Defendants filed a Motion to Modify Order Concerning Amended Motion for Appointment of Receiver, for Preliminary Injunction, and for Mandamus Relief. That Motion is fully briefed, but has not been ruled on by the District Court.

On February 21, 2023, the District filed a Motion to Dismiss Defendants' Counterclaims pursuant to C.R.C.P. 12(b)(1) and 12(b)(5). That motion is fully briefed but has not been ruled upon by the District Court.

On July 10, 2023, the District filed a Motion to Amend Complaint, asking the District Court for permission to add North Range Metropolitan District No. 3 and the Board of Directors of North Range Metropolitan District No. 3 (collectively, "NR3") to the Litigation due to NR3's failure to fully perform its obligations under the MLEPA beginning in May 2023. The Defendants have opposed that motion, which is fully briefed, but has not been ruled upon by the District Court.

## **SUPPLEMENTARY INFORMATION**

**REUNION METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Net Investment Income	\$ 1,000	\$ 15,000	\$ 42,140	\$ 27,140
MLEPA Payment - NRMD 1	-	3,553,072	3,518,580	(34,492)
Total Revenues	<u>1,000</u>	<u>3,568,072</u>	<u>3,560,720</u>	<u>(7,352)</u>
<b>EXPENDITURES</b>				
Paying Agent/Trustee Fees	3,500	3,500	3,500	-
Bond Principal - Series 2017A	652,000	1,993,000	1,993,000	-
Bond Interest - Series 2017A	2,099,294	2,417,118	2,417,118	-
Contingency	-	12,895	-	12,895
Total Expenditures	<u>2,754,794</u>	<u>4,426,513</u>	<u>4,413,618</u>	<u>12,895</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,753,794)	(858,441)	(852,898)	5,543
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer From Other Fund	2,478,794	255,481	255,480	(1)
Total Other Financing Sources (Uses)	<u>2,478,794</u>	<u>255,481</u>	<u>255,480</u>	<u>(1)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(275,000)	(602,960)	(597,418)	5,542
Fund Balance - Beginning of Year	<u>275,000</u>	<u>623,127</u>	<u>623,127</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 20,167</u>	<u>\$ 25,709</u>	<u>\$ 5,542</u>

**REUNION METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
System Development Fees - NRMD2	\$ 183,750	\$ 179,375	\$ (4,375)
System Development Fees - NRMD3	1,470,000	968,056	(501,944)
Miscellaneous Income	-	69,439	69,439
Cost Reimbursement South Adams County W&S	-	399,814	399,814
MLEPA Payment - NRMD1	2,436,399	-	(2,436,399)
MLEPA Payment - NRMD4	19,974	19,932	(42)
Net Investment Income	-	122,445	122,445
Transfer from NRMD3	4,451,000	4,451,000	-
Total Revenues	<u>8,561,123</u>	<u>6,210,061</u>	<u>(2,351,062)</u>
<b>EXPENDITURES</b>			
Intergovernmental	1,104,600	753,400	351,200
Accounting	15,000	23,664	(8,664)
Legal	30,000	84,711	(54,711)
District Management	5,000	2,567	2,433
Engineering	50,000	33,301	16,699
Altura Street (104th to 106th Ave)	1,520,000	-	1,520,000
Second Creek Crossing - O'Brian Canal	-	36,080	(36,080)
Reunion Village 7-B & 7-E	-	7,170	(7,170)
112th Ave/Chambers/Parkside	-	92,700	(92,700)
Reunion Ridge Filing 1	3,620,000	1,994,925	1,625,075
Walden Street	-	299,943	(299,943)
Filing 38 Infrastructure	-	457,231	(457,231)
Filing 36 Landscape	727,300	-	727,300
Filing 37 Landscape	743,200	1,350,568	(607,368)
Filing 27 Landscape	-	14,848	(14,848)
Filing #2 Infrastructure (Biscay and 100th Ave)	360,000	-	360,000
Reunion Village 7A	-	114,390	(114,390)
Chambers Road (106th to 112th)	-	186,155	(186,155)
Filing 26A Landscape	-	144	(144)
Contingency	101,600	-	101,600
Total Expenditures	<u>8,276,700</u>	<u>5,451,797</u>	<u>2,824,903</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 284,423</b>	<b>\$ 758,264</b>	<b>\$ 473,841</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance Repayment	(4,451,000)	(4,451,000)	-
Developer Advance	5,804,886	3,758,325	(2,046,561)
Bond Issuance	-	5,000,000	5,000,000
Transfer to Other Fund	(2,478,794)	(255,480)	2,223,314
Total Other Financing Sources (Uses)	<u>(1,124,908)</u>	<u>4,051,845</u>	<u>5,176,753</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(840,485)</b>	<b>4,810,109</b>	<b>5,650,594</b>
Fund Balance - Beginning of Year	862,144	4,262,408	3,400,264
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 21,659</b>	<b>\$ 9,072,517</b>	<b>\$ 9,050,858</b>

**REUNION METROPOLITAN DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –  
BUDGETARY BASIS  
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Administrative Fee	\$ 2,600	\$ -	\$ -	\$ -
ERU Building Credit Revenue	2,787,926	-	-	-
ERU Irrigation Credit Revenue	908,096	-	-	-
Interest Income	500	65,000	107,258	42,258
Total Revenues	<u>3,699,122</u>	<u>65,000</u>	<u>107,258</u>	<u>42,258</u>
<b>EXPENDITURES</b>				
ERU Admin Fee	10,250	10,250	10,250	-
Administrative and Filing Fees	5,200	10,000	5,726	4,274
Bond Interest - Series 2021A	1,610,406	1,610,406	1,610,406	-
Bond Principal - Series 2021A	835,000	835,000	835,000	-
Trustee Fees	10,000	10,000	10,316	(316)
Total Expenditures	<u>2,470,856</u>	<u>2,475,656</u>	<u>2,471,698</u>	<u>3,958</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>				
	<u>\$ 1,228,266</u>	<u>\$ (2,410,656)</u>	<u>\$ (2,364,440)</u>	<u>\$ 46,216</u>
<b>ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS</b>				
Change in Funds Available			\$ (2,364,440)	
Accrued Interest Payable			2,523	
Accrued Interest Payable - Sub Bonds			(843,232)	
Bonds Payable			<u>835,000</u>	
<b>CHANGE IN NET POSITION</b>			(2,370,149)	
Total Net Position - Beginning of Year			<u>(3,017,910)</u>	
<b>TOTAL NET POSITION - END OF YEAR</b>			<u>\$ (5,388,059)</u>	

## **OTHER INFORMATION**

**REUNION METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
YEAR ENDED DECEMBER 31, 2022**

\$44,425,000 Special Revenue Bonds  
Series 2021A  
Dated June 30, 2021  
Principal Due December 1  
Interest Rate 3.625%  
Payable June 1 and December 1

Year	Principal	Interest	Total
2023	\$ 925,000	\$ 1,580,138	\$ 2,505,138
2024	1,020,000	1,546,606	2,566,606
2025	1,125,000	1,509,631	2,634,631
2026	1,205,000	1,468,850	2,673,850
2027	1,290,000	1,425,169	2,715,169
2028	1,375,000	1,378,406	2,753,406
2029	1,465,000	1,328,563	2,793,563
2030	1,560,000	1,275,456	2,835,456
2031	1,660,000	1,218,906	2,878,906
2032	1,765,000	1,158,731	2,923,731
2033	1,870,000	1,094,750	2,964,750
2034	1,985,000	1,026,963	3,011,963
2035	2,100,000	955,006	3,055,006
2036	2,205,000	878,881	3,083,881
2037	2,320,000	798,950	3,118,950
2038	2,435,000	714,850	3,149,850
2039	2,555,000	626,581	3,181,581
2040	2,680,000	533,963	3,213,963
2041	2,805,000	436,813	3,241,813
2042	2,940,000	335,131	3,275,131
2043	3,080,000	228,556	3,308,556
2044	3,225,000	116,906	3,341,906
	<u>\$ 43,590,000</u>	<u>\$ 21,637,806</u>	<u>\$ 65,227,806</u>