



# North Range Metro District No 1

SERVING THE REUNION COMMUNITY

COMMERCE CITY, COLORADO



## ANNUAL FINANCIAL STATEMENTS

December 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of North Range Metro District No 1

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the North Range Metro District No 1 as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the North Range Metro District No 1'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the North Range Metro District No 1 as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 the North Range Metro District No 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Range Metro District No 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Range Metro District No 1's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Range Metro District No 1'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.

### **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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Range Metro District No 1's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

BF Borgers CPA PC

BF Borgers CPA PC

Lakewood, Colorado

September 25, 2023

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 34,220
Cash and investments – restricted	496,664
Accounts receivable – specific ownership taxes	36,441
Accounts receivable - Due from Reunion Metro District	-
Property taxes receivable	6,739,000
Prepaid expenses	3,357
<b>Total Assets</b>	<b>7,309,682</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on bond refinancing	271,033
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	15,288
Accrued interest payable	93,706
Bond premium	173,331
Current portion of bonds	1,200,000
General obligation refunding bonds	29,220,000
<b>Total Liabilities</b>	<b>30,702,325</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	6,739,000
<b>NET POSITION (DEFICIT)</b>	
Restricted:	
Emergency reserves	4,700
Debt service	405,963
Non-spendable	3,357
Unassigned:	(30,274,631)
<b>Net Position (Deficit)</b>	<b>\$ (29,860,611)</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**For the 12 -Month Period Ended**  
**December 31, 2022**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges For Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary Government:</b>					
Government Activities:					
General government activities	\$ (1,934,778)	\$ 77,815	\$ -	\$ -	(1,856,963)
Intergovernmental	(3,387,512)	-	-	-	(3,387,512)
Interest and related costs on long-term debt	(1,196,216)	-	-	-	(1,196,216)
	<u>\$ (6,518,506)</u>	<u>\$ 77,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,440,691)</u>
<b>General Revenues</b>					
Property taxes					6,211,839
Specific ownership taxes					442,572
Net investment income					42,013
<b>Total general revenue</b>					<u>6,696,424</u>
Change in net position					255,733
<b>Net Position (Deficit) – Beginning of Year [As Adjusted, See Note 6]</b>					<u>(30,116,344)</u>
<b>Net Position (Deficit) – End of Year</b>					<u>\$ (29,860,611)</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**December 31, 2022**

	General Fund	Special Revenue Fund Subdistrict No 1	Special Revenue Fund Subdistrict No 2	Debt Service Fund	Total Government Funds
<b>ASSETS</b>					
Cash and investments	\$ 34,220	\$ -	\$ -	\$ -	\$ 34,220
Cash and investments - Restricted	-	117,106	-	379,558	496,664
Accounts receivable – spec ownership taxes	10,036	-	-	26,405	36,441
Accounts receivable - Reunion Metro District	-	-	-	-	-
Property taxes receivable	4,456,200	5,100	38,000	2,239,700	6,739,000
Prepaid expenses	3,357	-	-	-	3,357
<b>TOTAL ASSETS</b>	<b>4,503,813</b>	<b>122,206</b>	<b>38,000</b>	<b>2,645,663</b>	<b>7,309,682</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	15,288	-	-	-	15,288
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property tax revenue	4,456,200	5,100	38,000	2,239,700	6,739,000
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>4,471,488</b>	<b>5,100</b>	<b>38,000</b>	<b>2,239,700</b>	<b>6,754,288</b>
<b>FUND BALANCES</b>					
Restricted:					
Emergencies (TABOR)	4,700	-	-	-	4,700
Debt service	-	-	-	405,963	405,963
Non-spendable	3,357	-	-	-	3,357
Unrestricted	24,268	117,106	-	-	141,374
<b>Total Fund Balances</b>	<b>32,325</b>	<b>117,106</b>	<b>-</b>	<b>405,963</b>	<b>555,394</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,503,813</b>	<b>\$ 122,206</b>	<b>\$ 38,000</b>	<b>\$ 2,645,663</b>	

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

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Deferred loss from refinancing 2016 bonds	271,033
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(30,420,000)
Accrued interest payable	(93,706)
Bonds premium	(173,331)
<b>Net position of governmental activities</b>	<b>\$ (29,860,610)</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**12-Month Period Ended**  
**December 31, 2022**

	General Fund	Special Revenue Fund Subdistrict No 1	Special Revenue Fund Subdistrict No 2	Debt Service Fund	Total Government Funds
<b>REVENUES</b>					
Property taxes	\$ 1,709,326	\$ 5,271	\$ -	\$ 4,497,242	\$ 6,211,839
Specific ownership taxes	121,790	353	-	320,429	442,572
Reunion Metro District contributions	-	-	-	-	-
System development fees	-	-	-	-	-
Covenant enforcement fines and fees	27,306	-	-	-	27,306
Collection cost reimbursements	50,509	-	-	-	50,509
Net investment income	3,183	1,545	-	37,285	42,013
<b>Total Revenues</b>	<b>1,912,114</b>	<b>7,169</b>	<b>-</b>	<b>4,854,956</b>	<b>6,774,239</b>
<b>EXPENDITURES</b>					
General and administration	122,916	79	-	73,479	196,474
Covenant enforcement services	199,541	-	-	-	199,541
Park & open space operations and maintenance cost subsidies paid to Reunion Metropolitan District	1,612,242	-	-	-	1,612,242
Debt service					
Bond interest	-	-	-	1,124,470	1,124,470
Bond principal	-	-	-	1,910,000	1,910,000
<b>Total Expenditures</b>	<b>1,934,699</b>	<b>79</b>	<b>-</b>	<b>3,107,949</b>	<b>5,042,727</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(22,585)</b>	<b>7,090</b>	<b>-</b>	<b>1,747,007</b>	<b>1,731,512</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
MLEPA Transfers to Reunion Metro District	-	-	-	(3,387,512)	(3,387,512)
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES</b>	<b>(22,585)</b>	<b>7,090</b>	<b>-</b>	<b>(1,640,505)</b>	<b>(1,656,000)</b>
<b>FIND BALANCES – BEGINNING</b>	<b>54,910</b>	<b>110,016</b>	<b>-</b>	<b>2,046,468</b>	<b>2,211,394</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ 32,325</b>	<b>\$ 117,106</b>	<b>\$ -</b>	<b>\$ 405,963</b>	<b>\$ 555,394</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
12-Month Period Ended  
December 31, 2022**

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

Net change in fund balances – Total government funds	\$	(1,656,000)
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The issuance of long-term debt (e.g., bonds) 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.

Principal payment on bonds		1,910,000
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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.

Decrease in accrued bond interest payable		-
Decrease in deferred loss on 2016 bond refinancing		(12,593)
Decrease in bond premium		14,326

<b>Changes in net position of governmental activities</b>	<b>\$</b>	<b>255,733</b>
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These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2022**

	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 1,702,746	\$ 1,709,326	\$ 6,580
Specific ownership taxes	119,192	121,790	2,598
Covenant enforcement fines and fees	-	27,306	27,306
Collection cost reimbursements	-	50,509	50,509
Net investment income	53	3,183	3,130
<b>Total Revenues</b>	<u>1,821,991</u>	<u>1,912,114</u>	<u>90,123</u>
<b>EXPENDITURES</b>			
General and administration	115,680	122,916	(7,236)
Covenant enforcement services	-	199,541	(199,541)
Park & open space operations and maintenance cost subsidies paid to Reunion Metropolitan District	1,736,320	1,612,242	124,078
<b>Total Expenditures</b>	<u>1,852,000</u>	<u>1,934,699</u>	<u>(82,699)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(30,009)</u>	<u>(22,585)</u>	<u>7,424</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b>	<u>(30,009)</u>	<u>(22,585)</u>	<u>7,424</u>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>52,700</u>	<u>54,910</u>	<u>2,210</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 22,691</u>	<u>\$ 32,325</u>	<u>\$ 9,634</u>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**GENERAL FUND**  
**EXPENDITURE DETAILS - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2022**

	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>GENERAL AND ADMINISTRATION</b>			
District management and accounting fees	\$ 33,539	\$ 54,568	\$ (21,029)
Administrative costs	-	253	(253)
Audit fees	5,100	-	5,100
Collection fees – County Treasurer	25,541	25,648	(107)
Board of Directors’ fees	3,000	2,100	900
Board training and conferences	-	-	-
Election services	40,000	-	40,000
Insurance	5,000	-	5,000
Legal fees	2,500	40,347	(37,847)
Indirect collection cost allocation	-	-	-
Miscellaneous costs	1,000	-	1,000
<b>Total General and Administration</b>	<b>\$ 115,680</b>	<b>\$ 122,916</b>	<b>\$ (7,236)</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**SPECIAL REVENUE FUND - ALLEYWAY HOMES SUBDISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2022**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 5,272	\$ 5,271	\$ (1)
Specific ownership taxes	369	353	(16)
Maintenance fees	-	-	-
Net investment income	111	1,545	1,434
<b>Total Revenues</b>	<b>5,752</b>	<b>7,169</b>	<b>1,417</b>
<b>EXPENDITURES</b>			
County treasurer collection fees	79	79	-
Fund management expenses	-	-	-
Alleyway snow removal services	-	-	-
<b>Total Expenditures</b>	<b>79</b>	<b>79</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,673</b>	<b>7,090</b>	<b>1,417</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(3,000)	-	3,000
<b>Total Other Financing Sources (Uses)</b>	<b>(3,000)</b>	<b>-</b>	<b>3,000</b>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b>	<b>2,673</b>	<b>7,090</b>	<b>4,417</b>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<b>110,022</b>	<b>110,016</b>	<b>(6)</b>
<b>FUND BALANCE – END OF YEAR</b>	<b>\$ 112,695</b>	<b>\$ 117,106</b>	<b>\$ 4,411</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**SPECIAL REVENUE FUND - CARRIAGE HOMES SUBDISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12-Month Period Ended**  
**December 31, 2022**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Specific ownership taxes	-	-	-
Maintenance fees	37,440	-	(37,440)
Net investment income	-	-	-
<b>Total Revenues</b>	<b>37,440</b>	<b>-</b>	<b>(37,440)</b>
<b>EXPENDITURES</b>			
County treasurer collection fees	-	-	-
Fund management expenses	-	-	-
Landscape maintenance services	-	-	-
Landscaping - water	-	-	-
Landscaping - electricity	-	-	-
Sprinkler repairs/backflow maintenance	-	-	-
Snow removal services	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>37,440</b>	<b>-</b>	<b>(37,440)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(37,440)	-	37,440
<b>Total Other Financing Sources (Uses)</b>	<b>(37,440)</b>	<b>-</b>	<b>37,440</b>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE – END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
12-Month Period Ended December 31, 2022

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

North Range Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Commerce City (City) in August 2000 and amended with City approval in August 2001.

The District's service area is located in Adams County, Colorado entirely within the boundaries of the City and is comprised of 1,868 single family homes and 196 multi-family units generally on the north and south sides of 104th Avenue between Chamber Road and Tower Road. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also created to provide certain essential public-purpose facilities and services for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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 organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the District are 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 property taxes.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific

function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Special Revenue Fund – Alleyway Homes - Subdistrict 1 is used to account for the accumulation of resources for, and the payment of expenditures related to snow removal and concrete repair and replacement of alleyways shared by 172 residential home lots that comprise the total property located within Subdistrict 1.

The Special Revenue Fund – Carriage Homes – Subdistrict 2 is used to account for the accumulation of resources for, and the payment of expenditures related to specific services provided to 48 carriage home lots, which comprise the total property located within Subdistrict 2. Subdistrict 2 was formed for the purpose of fulfilling the responsibilities placed upon the Subdistrict 2 by the Supplemental Declaration of Covenants, Conditions and Restrictions for Reunion Carriage House (filed with the Adams County Clerk & Recorder's Office on November 30, 2018 at reception #2018000096029) to fund (1) the maintenance of the driveways shared by the carriage homes, including snow removal and concrete repair and replacement, (2) maintenance of landscaping on and around each home lot but excluding the fenced in backyard and (3) removal of snow from the sidewalks located on and around each home lot but excluding any sidewalks within the fenced in backyard.

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

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

## **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 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. On November 9, 2021, the Board adopted the District's 2022 budget.

## **Pooled Cash and Investments**

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

Investments are carried at fair value.

## **Property Taxes**

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

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

## **Specific Ownership Taxes**

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the County. In 2022, the District's share of Specific ownership taxes was equal to approximately 7.12% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

## **Covenant Enforcement and Design Review Service Revenue and Costs**

Per the Master CCRs (see Note 7) and 2007 HOA Assignment Agreement (see Note 7), the District is obligated to provide covenant enforcement and design review services to all property owners within the District. Service fees, enforcement fines and related assessments are reported and recognized as revenue in the District's general fund. Pursuant to 32-1-1001(1)(j)(I) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien. Costs related to providing such services are also recorded in the District's general fund.

Per the 2016 Operations Service Agreement (OSA) with Reunion MD, the District has contracted with Reunion MD to perform the District's responsibilities and obligations under the Master CCRs and 2007 HOA Assignment Agreement on a cost reimbursement basis. Per the OSA, if Reunion MD experiences funding shortfalls related to providing such services to the District, Reunion MD may (1) suspend or curtail providing such services or (2) impose fees on Users within the District to cover such funding shortfalls. For the year ended December 31, 2022, costs incurred by Reunion MD providing covenant enforcement services on behalf of the District totaled \$199,541.

Service fees, enforcement fines and other assessments charged by Reunion MD on behalf of the District related to providing covenant enforcement and design review services are retained by Reunion MD. Such District revenue retained by Reunion MD is recorded by the District as additional contributions to Reunion MD under the Mill Levy Equalization Agreement (see Note 7).

See Note 7 regarding the terms of the OSA. See Note 8 – Related Parties regarding the OSA, which was ratified by both the District and Reunion MD when both boards were controlled by the Developer.

## **General and Administrative Costs**

The District contracts directly with third-party contractors to provide the District with accounting, legal, audit, insurance and other administrative services. Per the OSA, Reunion MD and the District have agreed for Reunion MD to pay the District's administrative services on a cost-reimbursement basis. Costs incurred directly by Reunion MD providing administrative services to the District are also reimbursable to Reunion MD by the District. Per the OSA, if funds received from the District fail to fully reimburse Reunion MD for payments made on behalf of the District, Reunion MD may (1) suspend or curtail providing administrative services to the District and/or suspend paying the District's administrative contractors or (2) impose fees on homeowners within the District to cover shortfalls in cost reimbursements due to Reunion MD. For 2022, District reimbursements paid to Reunion MD for District administrative expenses totaled \$65,825.

See Note 7 regarding the terms of the OSA. See Note 8 – Related Parties regarding the OSA, which was ratified by both the District and Reunion MD when both boards were controlled by the Developer.

## **Parks and Open Space Maintenance Cost Subsidies – Paid to Reunion MD**

Reunion MD owns and maintains all parks and open spaces throughout the Reunion Community, which is comprised of the District, North Range Metropolitan District No 2 and North Range Metropolitan District No 3. Per the OSA, the District has agreed to subsidize costs incurred by Reunion MD to operate and maintain the public parks and open spaces throughout the Reunion Community. Per the OSA, if Reunion MD experiences funding shortfalls related to operating and maintaining the parks and open spaces, Reunion MD may (1) suspend or curtail providing such services or (2) impose fees on Users within the District to cover such funding shortfalls. For the year ended December 31, 2022, subsidies paid by the District to Reunion MD totaled \$1,612,242.

See Note 7 regarding the terms of the OSA. See Note 8 – Related Parties regarding the OSA, which was ratified by both the District and Reunion MD when both boards were controlled by the Developer.

## **Amortization**

Original Issue Premium: In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Loss Bond Refunding: In the government-wide financial statements, the deferred loss on the District's 2016 bond refunding is being amortized using the interest method over the life of the defeased bonds in accordance with GASBS 65:6. The amortization amount is a component of interest expense and the unamortized deferred loss is reflected as a deferred outflow of resources.

## **Deferred Outflows of Resources and Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate.

This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item – loss on refunding of debt in 2016 – is deferred and recognized as an outflow of resources in the period that the amount is incurred.

Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2022 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

## **Equity**

### **Net Position**

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

### **Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, 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:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a 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 a 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 a 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 a 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 policy 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:

Statement of net position:

Cash and investments – unrestricted	\$ 34,220
Cash and investments – restricted	496,664
<b>Total cash and investments</b>	<b>\$ 530,884</b>

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

Deposits with financial institutions	\$ 296,286
Investments	234,598
<b>Total cash and investments</b>	<b>\$ 530,884</b>

### 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.

## 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 listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2022, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
ColoTrust Plus+ (Colotrust)	Weighted Average Under 60 Days	\$ 117,722
Colorado Surplus Asset Fund Trusts (CSAFE)	Weighted Average Under 60 Days	116,876
<b>Total</b>		<b>\$ 234,598</b>

## COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus finds. The State Securities Commissioner administers and enforces all State statutes governing ColoTrust. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. ColoTrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized

by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for ColoTrust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for ColoTrust 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. No limitations exist on the District's ability to withdraw funds invested in ColoTrust. ColoTrust is rated AAAM by Standard & Poor's.

## CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. treasury securities, repurchase agreements collateralized by U.S. treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

## NOTE 4 – PUBLIC FACILITIES

The District does not own any public facilities or capital assets.

There are 171 land tracts totaling approximately 135 acres within the Reunion Community – comprised of all territory within the District, North Range Metro District No 1 and North Range Metro District No 3 – designated for parks, open spaces and recreational facilities. Recreational facilities situated on these land tracts include (1) the Reunion Recreation Center and outdoor community pool, (2) Southlawn community pool, (3) Southlawn amphitheater, (4) seven playgrounds, (5) two parking lots, (6) two small lakes, (7) concession building, (8) perimeter fencing and (9) several miles of trails through the open spaces. All of these facilities, parks and open space land tracts are owned by Reunion MD.

## NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2022:

	Balance at Dec. 31, 2021	Additions	Retirements	Balance at Dec. 31, 2022	Due within one year
Series 2016A G.O. Bonds	\$ 20,150,000	\$ -	(\$ 1,160,000)	\$ 18,990,000	\$ 1,200,000
Accrued Interest - Series 2016A	53,481	650,845	( 650,845)	53,481	-
Series 2016B G.O. Bonds	12,180,000	-	( 750,000)	11,430,000	-
Accrued Interest – Series 2016B	40,225	473,625	( 473,625)	40,225	-
Premium	187,657	-	( 14,326)	173,331	-
<b>Total</b>	<b>\$ 32,611,363</b>	<b>\$1,124,470</b>	<b>(\$2,298,796)</b>	<b>\$ 31,437,037</b>	<b>\$ 1,200,000</b>

Details regarding the District's long-term obligations are as follows:

## Series 2016A General Obligation Bonds

On June 03, 2016, the District issued \$25,745,000 in General Obligation Refunding Bonds, Series 2016A (“2016A Bonds”). The proceeds of which were used to advance refund the Series 2007 Bonds and pay the costs of issuance of the 2016A Bonds. The 2016A Bonds have a final maturity date of December 1, 2035. The principal amount of the 2016A Bonds is subject to mandatory sinking fund payments prior to their final maturity date. The 2016A Bonds were issued as taxable bonds bearing interest at a rate of 4.61% and converted to tax exempt on December 1, 2016 and bears a rate of 3.23% thereafter.

The 2016A Bonds are secured by a pledge of the District's unlimited debt service mill levy, specific ownership taxes collected as a result of the imposition of such unlimited debt service mill levy, and any other legally available funds.

Amounts on deposit in the 2016A Surplus Fund secure payment of the 2016A Bonds. Available Pledged Revenue, if any, is to be accumulated in the 2016A Surplus Fund in accordance with the 2016A Indenture Agreement up to the Maximum Surplus Amount of \$1,280,000.

When the ratio of 2016A and 2016B Bond debt divided by total assessed value of property within the District is 50% or less, all amounts on deposit in the 2016A Surplus Fund shall be released for application by the District in accordance with the MLEPA (defined in Note 7) to the payment of the 2016A Bonds, 2016B Bonds or “Developer Debt” as defined in the MLEPA. As of December 31, 2020, the ratio of 2016A and 2016B Bond debt divided by total assessed value of property within the District was 50.0%. On May 11, 2022, the Trustee released the 2016A Surplus Fund balance totaling \$1,285,068. On September 07, 2022, Reunion MD’s accountants – who were terminated by the District with an effective termination date of September 01, 2022 – accessed the District’s ColoTrust account and transferred \$2,588,662 (which included the now unrestricted 2016A Surplus Funds) to Reunion MD.

On November 29, 2022, the District’s Board held a properly noticed public hearing to consider amending the District’s 2022 budget. At that meeting, the District Board approved applying the unrestricted 2016A Surplus Funds to the District’s 2016A Bonds. Because such amount was improperly transferred to Reunion MD, actual transfers to Reunion MD from the District’s Debt fund exceeds the budget by \$951,113.

The 2016A Bonds are subject to redemption any time prior to maturity at the option of the District. If the 2016A Bonds are redeemed prior to December 1, 2025, the District must pay a prepayment fee as defined in the 2016A Indenture of Trust.

Outstanding bond principal and interest on the 2016A Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,200,000	\$ 613,377	\$ 1,813,377
2024	1,240,000	574,617	1,814,617
2025	1,280,000	534,565	1,814,565
2026	1,320,000	493,221	1,813,221
2027	1,360,000	450,585	1,810,585
2028-2032	7,490,000	1,564,775	9,054,775
2033-2037	5,100,000	333,014	5,433,014
2038-2042	-	-	-
2043-2045	-	-	-
<b>Total</b>	<b>\$ 18,990,000</b>	<b>\$ 4,564,154</b>	<b>\$ 23,554,154</b>

The District's detail debt service schedule for its 2016A Bonds is provided on page 28.

### Series 2016B General Obligation Bonds

On June 03, 2016, the District issued General Obligation Bonds, Series 2016B ("2016B Bonds") in the amount of \$12,180,000. The proceeds from the sale of the 2016B Bonds were used to prepay and cancel the 2007 Repayment Obligation incurred under the 2007 Advance and Reimbursement Agreement, finance the costs of certain public improvements, fund the Debt Service Surplus Fund, and pay the costs of issuing the 2016B Bonds. The 2016B Bonds are term bonds with the first term due December 1, 2038 and bearing interest of 5.00% and the second term bonds due December 1, 2045, and bearing and interest rate of 3.50%.

The 2016B Bonds are secured by a pledge of the District's unlimited debt service mill levy, specific ownership taxes collected as a result of the imposition of such unlimited debt service mill levy, and any other legally available funds.

Amounts on deposit in the 2016B Surplus Fund also secure payment of the 2016B Bonds. The 2016B Surplus Fund was initially funded with \$720,000 from the Bond proceeds. The District has no obligation to fund or replenish the 2016B Surplus Fund. If Pledged Revenue is insufficient to fund annual principal and interest payments due on the 2016B Bonds, any and all amounts in the 2016B Surplus Fund will be used to ensure principal and interest payments on the 2016 Bonds are paid in full when due. When the ratio of 2016A and 2016B Bond debt divided by total assessed value of property within the District is 50% or less, all amounts on deposit in the 2016B Surplus Fund will be released and applied against the 2016B Bonds as an extraordinary mandatory redemption. As of December 31, 2020, the ratio of 2016A and 2016B Bond debt divided by total assessed value of property within the District was 50.0%. On May 11, 2022, the Trustee released the 2016B Surplus Fund balance totaling \$761,571, and on September 06, 2022, the District applied \$750,000 against the 2016B Bonds as an extraordinary mandatory redemption.

The 2016B Bonds may be redeemed prior to maturity, at the option of the District on or after December 1, 2025. No redemption premiums or penalties are assessed if the District partially or entirely redeems the 2016B Bonds prior to maturity.

Outstanding bond principal and interest on the 2016B Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 436,125	\$ 436,125
2024	-	436,125	436,125
2025	-	436,125	436,125
2026	-	436,125	436,125
2027	-	436,125	436,125
2028-2032	-	2,180,625	2,180,625
2033-2037	2,050,000	2,130,625	4,180,625
2038-2042	5,995,000	1,347,750	7,342,750
2043-2045	3,385,000	292,775	3,677,775
<b>Total</b>	<b>\$ 11,430,000</b>	<b>\$ 8,132,400</b>	<b>\$ 19,562,400</b>

The District's detail debt service schedule for its 2016B Bonds is provided on page 31.

**Debt Authorization – TABOR**

As of December 31, 2022, the District is prohibited from issuing any additional debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District’s voters in compliance with TABOR.

On November 7, 2000, the District’s seven electors (all of whom were employees or spouses of employees of and qualified to vote by the owner of all land within the District at that time - Shea Homes Limited Partnership) unanimously voted to authorize the District to issue debt at net effective interest rates not to exceed 18% per annum in amounts not totaling more than \$1.036 billion to fund infrastructure improvements and refund any outstanding debt. Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District’s electors expired on November 6, 2020 - 20 years after the original debt authorization election.

**Debt Authorization – Service Plan**

The District’s Service Plan authorizes the District to issue up to \$280 million in debt and establishes a Maximum Mill Levy, subject to certain conditions and restrictions, the District is permitted to impose on taxable property within the District for the payment of debt. The Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 21, 2000 – at which time, the ratio was 9.74%. The ratio for the 2022 collection year was 7.15%, which causes the District’s Maximum Debt Mill Levy for debt service for 2022 to be 68.112.

As of December 31, 2022, total remaining debt issuance authorization under the District’s Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Service Plan	\$ 280,000,000
Less:	
2001 General Obligation Bonds	( 30,545,000)
2007 General Obligation Bonds	( 4,755,000)
2016A General Obligation Bonds	( 25,745,000)
2016B General Obligation Bonds	( 12,180,000)
<b>Unused, authorized debt issuance per Service Plan</b>	<b>\$ 206,775,000</b>

Regardless of the total unused borrowing power allowed under the District’s Service Plan, the District is prohibited from issuing any additional debt (other than refinancing existing debt that would generate a net cost saving to the homeowners) without first obtaining authorization from the District’s voters in compliance with TABOR.

**NOTE 6 – NET POSITION (DEFICIT)**

**Correction of Error**

In 2021 and prior years, the District incorrectly reported Reunion Metro District’s HOA special revenue fund in the District’s financial statements. Specifically, revenue, expenses, assets, liabilities and fund equity related to Reunion Metro District’s HOA special revenue fund was reported each year on the financial statements of both the District and the Reunion Metro District. In addition, the District has erroneously reported in prior years all revenues and expenses related to Reunion MD providing covenant enforcement services on behalf of the District, NRMD2 and NRMD3. Beginning with the 2022 annual reporting period, the District has corrected this error by removing the HOA special revenue fund from its financial statements and reports revenues and expenses only related to covenant

enforcement services provided by the District (through Reunion MD) to the homeowners within the District. The effect of this treatment is as follows:

Net deficit - December 31, 2021, as originally stated	(\$ 29,737,407)
Elimination of HOA Special Revenue Fund	( 378,937)
<b>Net deficit - December 31, 2021, as restated</b>	<b><u>(\$ 30,116,344)</u></b>

**Restricted Net Position**

The District’s restricted net position as of December 31, 2022 in the general fund, Subdistrict No 1 fund, Subdistrict No 2 fund and debt service fund totaled \$4,700, \$117,106, \$0 and \$405,963, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 10 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2016 Bonds.

**Non-Spendable Net Position**

The District’s non-spendable net position as of December 31, 2022 in the general fund, Subdistrict No 1 fund, Subdistrict No 2 fund and debt service fund totaled \$3,357, \$0, \$0 and \$0, respectively.

**Unassigned Net Position**

The District's unassigned net position as of December 31, 2022 totaled (\$30,274,631). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Commerce City and other entities.

**NOTE 7 – CONTRACTUAL AGREEMENTS**

**Mill Levy Equalization Agreement (MLEPA)**

Reunion Metropolitan District (Reunion MD) is a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Court Order and Decree of the Adams County 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 boundaries of Reunion MD encompass the following two land tracts – (1) a tax exempt 5.2-acre public land parcel that holds the public recreational facilities serving the Reunion Community and (2) an undeveloped 0.23 acre of land located on the east side of E-470 and owned by CPG2 (defined in Note 8). CPG2 purchased the 0.23-acre land tract from Shae Homes LP in August 2017.

On June 3, 2016, North Range Metropolitan District No. 1, No. 2, No. 3 and No. 4 (the “District”, “NRMD2”, “NRMD3” and “NRMD4” and collectively, the “North Range Districts”) and Reunion MD (collectively, the MLEPA Districts) entered into a Mill Levy Equalization and Pledge Agreement (MLEPA). At the time the MLEPA was ratified by the MLEPA Districts, all directors serving on Reunion MD and North Range Metro Districts No. 2, No. 3 and No. 4 and three of the five directors serving on North Range Metro District No 1 were officers/employees of Shea Homes LP and all such directors reported conflicts of interest regarding their service as directors on the MLEPA Districts.

Per the MELPA, the North Range Districts:

- 1) Agreed to ensure the aggregate mill levy each year – comprised of an operations mill levy and a debt mill levy – adopted by each North Range District would be the same and such aggregate mill levy would not exceed 99 mills (MLEPA Cap);
- 2) Pledged all Surplus Debt Mill Levy Revenue (defined below) to Reunion MD for the repayment of any debt issued by Reunion MD up to a maximum principal amount of \$280 million;
- 3) Agreed to adopt a debt mill levy each year as directed by Reunion MD;
- 4) Agreed to adopt an operations mill levy as directed by Reunion MD each year in perpetuity; and
- 5) Agreed to transfer to Reunion MD within ten days after receipt of monthly tax collections received from the County Treasurer all Surplus Debt Mill Levy Revenue and all operations mill levy revenue;

The MLEPA Cap is subject to adjustment due to the 50-mill debt limit placed on each North Range District in each District's respective service plan that is subject to adjustment by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 2000/2001 – at which time, the ratio was 9.15%. The ratio for the 2022 collection year was 7.15%, which caused the maximum debt mill levy for each North Range District to be 63.986. Thus, the adjusted MLEPA Cap for 2022 is 112.986.

Surplus Debt Mill Levy Revenues is defined as that portion of property tax revenue and related specific ownership tax revenue collected by each North Range District under its annual debt mill levy that remains, if any, after remitting any and all such funds pledged towards the repayment of any debt issued by the respective North Range Districts.

Per the MLEPA, all bonds issued by the North Range Districts are senior in priority of repayment to any obligations of the North Range Districts created under the MLEPA. If any of the North Range Districts issue additional debt in the future, all North Range Districts agree to remit the proceeds from such debt to the Reunion MD within 10 days of issuing such debt.

If any of the North Range Districts fail to levy the operations mill levy directed by Reunion MD, the North Range Districts agree to allow Reunion MD to levy fees and charges outside of Reunion MD's boundaries on the property owners of land within the North Range Districts to recover any unreimbursed operating costs incurred by Reunion MD.

On May 1, 2017, the MLEPA Districts amended the MLEPA to require the District and NRMD2 to levy the maximum allowed debt mill levy (63.986 for 2022) each year and remit Surplus Debt Mill Levy Revenue to Reunion MD until the Series 2017 bonds issued by Reunion MD to Shae Homes LP (the 2017 Reunion MD Bonds) is paid in full. The original par amount of the 2017 Reunion MD bonds was \$16.6 million with a final par amount of \$21.6 million. Interest accrues on this debt at a simple rate of 4% per annum. The 2017 Reunion MD Bonds are secured and payable from the following revenue sources: (1) Surplus Debt Mill Levy Revenue remitted by the District and NRMD2, (2) system development fees not otherwise pledged to the District and NRMD2, (3) City Credit Fee revenues and (4) any sales and use tax revenues received from the City through revenue-sharing agreements that are not otherwise pledged to the District and NRMD2. As of December 31, 2022, the outstanding balance due on the 2017 Reunion MD Bonds was \$15.85 million plus accrued, unpaid interest totaling approximately \$2.56 million.

The amended MLEPA also prohibits the North Range Districts from (1) issuing any additional debt without the consent of the Reunion MD and (2) levying an operating mill levy to generate property tax revenue in any subdistricts within the North Range Districts.

Per section 2.09 of the MLEPA, appropriations of the operations portion of the Equalization Mill Levy shall occur on an annual basis at the discretion of each of the Board of Directors of the North Range Districts and therefore such annual appropriations are not intended to constitute a multiple fiscal year indebtedness or financial obligations subject to the requirements of Article X, Section 20 of the State Constitution ("TABOR").

None of the directors serving on the Reunion MD board are elected by nor subject to recall by the eligible electors of the North Range Districts.

The MLEPA cannot be amended or terminated without the consent of Reunion MD.

NRMD2 Series 2017 Senior and Subordinate Bonds: Per the debt repayment projections contained in NRMD2's 2017 senior and subordinate bond offering documents, NRMD2 is projected to generate no Surplus Debt Mill Levy Revenues under the MLEPA until after NRMD2's Series 2017 senior and subordinate bonds are projected to be paid in full by December 2047.

NRMD3 Series 2020A and Series 2020B Bonds: Per the debt repayment projections contained in the NRMD3's Series 2020A and Series 2020B bond offering documents, NRMD3 is projected to generate no Surplus Debt Mill Levy Revenues under the MLEPA until after the NRMD3's Series 2020A and Series 2020B bonds are projected to be paid in full by December 2050.

Thus, the District is the only party to the MLEPA that, based on NRMD2's and NRMD3's public bond offering documents, is projected to generate and remit to Reunion MD Surplus Debt Mill Levy Revenue each year through 2047.

### **Operations Service Agreement with Reunion Metro District**

On June 3, 2016 the North Range Districts entered into an Operations Service Agreement (OSA) with Reunion MD whereby Reunion MD would (1) own, operate and maintain all parks and recreational facilities located within the North Range Districts [see **Note 4**], (2) perform the North Range Districts' covenant enforcement and design review responsibilities provided under the Master CCRs and HOA CCRs [defined below] and (3) provide administrative services to the District not otherwise contracted out by the District to third-party contractors. Such administrative services to be provided by Reunion MD included paying the District contractors using reimbursement funds received from the District under the MLEPA.

Since inception of the OSA, the District has elected each year to hire third party accountants, managers, attorneys, insurance providers and auditors to perform most or all of the District's administrative services.

The District has agreed to remit its Operations and Maintenance Mill Levy revenues to Reunion MD to (1) subsidize expenses incurred by Reunion MD to operate and maintain the public parks and open spaces within the North Range Districts, (2) reimburse Reunion MD for costs it incurs providing covenant enforcement and design review services to District homeowners on behalf of the District and (3) reimburse Reunion MD for (i) direct costs incurred by Reunion MD providing administrative services to the District and (ii) paying District contractors' invoices.

In the event the North Range Districts' Operations and Maintenance Mill Levy revenue remitted to Reunion MD under the MLEPA are insufficient to reimburse Reunion MD in full for costs it incurred in providing these services, Reunion MD may (1) suspend or curtail services provided to the North Range Districts and/or (2) impose user fees to recover all costs incurred by Reunion MD.

The OSA allows any of the North Range Districts to terminate subsidizing Reunion MD's costs to operate and maintain the public parks and open spaces if a written termination plan is submitted and written approval is provided

by all North Range Districts. (North Range Metro District No 3 and No 4 were controlled by directors who also serve as directors on Reunion MD). The written termination plan must include, but not limited to, the following: (1) a description of how the North Range Districts will repay all debts and obligations incurred by Reunion MD and (2) an indemnification clause where the North Range Districts will indemnify Reunion MD against all injuries, losses and other events of damage associated with any outstanding agreements to which Reunion MD is a party.

After providing 90 days written notice, each of the North Range Districts are authorized under the OSA to terminate receiving administrative services from the Reunion MD. On August 02, 2022, the District's Board unanimously voted to terminate all administrative services provided by Reunion MD effective September 01, 2022. The District will rely solely on third-party accountants, attorneys, insurance providers, auditors and other contractors to perform all administrative functions of the District.

At the time the OSA was ratified by the North Range Districts and Reunion MD, all directors serving on Reunion MD and North Range Metro Districts No. 2, No. 3 and No. 4 and three of the five directors serving on North Range Metro District No 1 were officers/employees of Shea Homes LP and all such directors reported conflicts of interest regarding their service as directors on the MLEPA Districts.

None of the directors serving on the Reunion MD board are elected by nor subject to recall by the eligible electors of the North Range Districts.

The OSA cannot be amended or terminated without the consent of Reunion MD.

### **Declaration of Covenants Conditions and Restrictions (Master CCRs)**

On May 25, 2010 Shea Homes, LP (Shea Homes) filed with the Adams County Clerk & Recorder's Office a Declaration of Covenants, Conditions and Restrictions for North Range Metropolitan District No. 1 Area within Reunion ("Master CCRs"). The purpose of the Master CCRs is to (1) protect and enhance the quality, value, desirability and attractiveness of all property subject to the Master CCRs; (2) empower the District to provide covenant enforcement and design review services for the benefit of property owners subject to the Master CCRs, (3) define the duties, powers and rights of the District granted by the Master CCRs and (4) define certain duties, power and rights of property owners whose land is subject to the Master CCRs.

Between May 25, 2010 and December 31, 2021, 447 home lots were annexed into the Master CCRs.

On August 27, 2002 Shea Homes, LP (Shea Homes) filed with the Adams County Clerk & Recorder's Office a Declaration for Reunion Homeowners Association, Inc ("HOA CCRs"). The purpose of the HOA CCRs is to (1) protect and enhance the quality, value, desirability and attractiveness of all property subject to the HOA CCRs; (2) empower the Reunion Homeowners Association, Inc (HOA) to provide covenant enforcement and design review services for the benefit of property owners subject to the HOA CCRs, (3) define the duties, powers and rights of the HOA granted by the HOA CCRs and (4) define certain duties, power and rights of property owners whose land is subject to the HOA CCRs.

Between August 27, 2002 and December 31, 2006, 1,421 home lots were annexed into the HOA CCRs.

On July 01, 2007, the District entered into an agreement with the HOA where the HOA assigned its rights and obligations provided under the HOA CCRs to the District and authorized Reunion MD to perform and provide on behalf of the District the covenant enforcement services assigned by the HOA to the District under this Agreement.

**Supplemental CCRs – Carriage Homes:** On November 30, 2018, CPG2 (defined below) filed with the Adams County Clerk & Recorder's Office a Supplemental Declaration of Covenants Conditions and Restrictions for Reunion Carriage

House Filing No 18 (“Carriage Home CCRs”). The Carriage Home CCRs are an extension of the Master CCRs. The 48 carriage home lots subject to the Carriage Home CCRs are all located within Subdistrict No 2. Per the Carriage Home CCRs, the carriage home lots are subject to certain additional covenants, conditions and restrictions regarding the use and maintenance of such lots. In addition, the Carriage Home CCRs require the Subdistrict No 2 to provide the following services to the carriage home lots: (1) maintain, repair and replace Perimeter Fencing, (2) maintain, repair and replace Front Yard Landscaping on each lot, (3) irrigation water to maintain all landscaping on each lot, (4) snow removal from the Auto Courts (i.e. shared automobile courtyard/driveway) and sidewalks and (5) maintenance and repair of the Auto Courts.

On February 4, 2020, Subdistrict No 2 assigned to Reunion MD and Reunion MD accepted all rights and obligations under the Carriage Home CCRs.

## **NOTE 8 – RELATED PARTIES**

Clayton Properties Group II, Inc. (CPG2) – a subsidiary of Berkshire Hathaway Inc (BRK.A: NYSE) – owns Oakwood Homes, which owns and is developing a significant number of residential home lots within the District and within NRMD2 and NRMD3.

In 2017, Shae Homes sold the majority of land within the District and within NRMD2 and NRMD3 to CPG2.

For the 12-month period ended December 31, 2022, the District’s board was comprised of five directors – none whom reported conflicts of interest regarding their service on the board.

Of the five directors serving on the Reunion MD board in 2022, three directors were officers/employees of CPG2 and two directors were offices/employees of Shae Homes LP. To qualify themselves to serve as directors on Reunion MD’s board, the directors rely on land purchase contracts they entered into with CPG2. Per these land purchase option contracts, CPG2 had unilateral authority to cancel these purchase option contracts at any time to disqualify such directors from continuing to serve on the Board.

For the 12-month period ended December 31, 2022, the NRMD2 board was comprised of five directors – three of whom reported no conflicts of interest serving on the board. Two directors reported conflicts of interest regarding their service on the Board. The two conflicted directors were employees of CPG2. Subsequent to May 3, 2022, none of the directors serving on NRMD2’s board reported conflicts of interest regarding their service on that board.

All five directors serving on the NRMD3 board in 2022 were officers/employees of CPG2.

All five directors serving on the NRMD4 board in 2022 were officers/employees of Shae Homes LP.

At the time the MLEPA was ratified by the MLEPA Districts, all directors serving on Reunion MD and NRMD2, NRMD3 and NRMD4 and three of the five directors serving on the District were officers/employees of Shea Homes LP and all such directors reported conflicts of interest regarding their service as directors on the MLEPA Districts.

At the time the OSA was ratified by the North Range Districts and Reunion MD, all directors serving on Reunion MD and North Range Metro Districts No. 2, No. 3 and No. 4 and three of the five directors serving on the District were officers/employees of Shea Homes LP and all such directors reported conflicts of interest regarding their service as directors on the MLEPA Districts.

Reunion MD Series 2017 Revenue Bonds (totaling outstanding – including accrued unpaid interest – as of December 31, 2022 is \$18.89 million) is owned by Shae Homes LP.

## **NOTE 9 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 10 – TAX, SPENDING AND DEBT LIMITATIONS**

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

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

On November 07, 2000, the District's electors (all of whom were employees or spouses of employees of and qualified to vote by the owner of all land within the District at that time - Shea Homes Limited Partnership) unanimously voted to authorize the District to assess property taxes at no more than \$10,000,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors voted unanimously to approve a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

## **NOTE 11 – LITIGATION WITH REUNION MD**

On December 08, 2022, Reunion MD filed a lawsuit in Adams County District Court against the District and NRMD2 after the District and NRMD2 adopted budgets reflecting no property tax revenue be remitted to Reunion MD in 2023. Reunion MD is demanding the District and NRMD2 comply with the terms of the MLEPA and OSA and all property taxes the District and NRMD2 collect from the property owners within the Reunion Community be remitted to and under the sole control of Reunion MD (see Note 8 – Related Parties). Reunion MD argues that, per the terms of the MLEPA (which was ratified in 2016 when the majority of directors on all district boards was comprised of SHLP

employees), the MLEPA cannot be amended or terminated without the consent of the Reunion MD board – all of whom are employees of CPG2 and SHLP.

On January 23, 2023, the District and NRMD2 filed a response and counter claims against Reunion MD. The District claims the MLEPA is void as an illegal contract on the grounds that the MLEPA violates various Colorado statutes, violates the Taxpayer Bill of Rights within the Colorado Constitution, is an unfair and unconscionable contract and is contrary to public policy. The District also claims Reunion MD breached the contractual terms of the MLEPA, if the court deems the MLEPA to be a valid contract.

On May 09, 2023, District Court granted Reunion MD's request that the District and NRMD2 be placed into receivership. Through the receivership order, all tax and related revenue collected under each district's general mill levy is to be remitted by the court-appointed receiver (Receiver) to Reunion MD. In addition, surplus funds generated under the District's debt mill levy (i.e. debt mill levy revenues net of principal and interest payments due on the District's debt) is also to be remitted by the Receiver to Reunion MD in accordance with the terms of the MLEPA.

Under the District Court's current receivership order, the District has been denied retaining any funds to defend itself against Reunion MD's lawsuit and to pay its contractors – including attorneys, accountants and consultants required to operate the District. In addition, under the Court's current receivership order, Reunion MD has amended its 2023 budget to authorize spending \$300,000 of funds received from the District under the MLEPA to fund Reunion MD's litigation against the District. Reunion MD's proposed 2024 budget reflects spending \$500,000 of District funds to support Reunion MD's litigation against the District. Finally, under the current receivership order, Reunion MD has elected to use District funds to pay for certain administrative costs of the District including insurance and audit fees but has elected to not to use the District's funds to pay for the legal counsel, managers and accountants hired by the District's board of directors.

Under Adams County District court's current receivership order, it is possible the District (which serves over 5,100 residents and taxpayers) and its publicly elected board will not be able to defend itself, and Reunion MD (which serves a single 0.23-acre land tract owned by CPG2 and is not accountable to any District taxpayers) will control the taxation powers and finances of the District through the MLEPA and OSA. Because the litigation process is subject to many uncertainties, and the outcome is not predictable with assurance, the District cannot predict the ultimate outcome of this lawsuit or the impact it may have on the District's financial condition.

## **NOTE 12 – SUBSEQUENT EVENTS**

The District is involved in certain litigation matters. Certain events occurred subsequent to December 31, 2022 related to litigation and are disclosed in Note 11.

## SUPPLEMENTARY INFORMATION

**NORTH RANGE METROPOLITAN DISTRICT NO. 1**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**12 -Month Period Ended**  
**December 31, 2022**

	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 4,479,931	\$ 4,497,242	\$ 17,311
Specific ownership taxes	313,595	320,429	6,834
Reunion MD contributions	-	-	-
System development fees	-	-	-
Net investment income	2,042	37,285	35,243
<b>Total Revenues</b>	<u>4,795,568</u>	<u>4,854,956</u>	<u>59,388</u>
<b>EXPENDITURES</b>			
Direct and indirect collection costs	95,391	73,479	21,912
Debt service			
Bond interest	1,124,470	1,124,470	-
Bond principal	3,193,740	1,910,000	1,283,740
<b>Total Expenditures</b>	<u>4,413,601</u>	<u>3,107,949</u>	<u>1,305,652</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>381,967</u>	<u>1,747,007</u>	<u>1,365,040</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
MLEPA Transfers to Reunion Metro District	(2,436,399)	(3,387,512)	(951,113)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,436,399)</u>	<u>(3,387,512)</u>	<u>(951,113)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(2,054,432)</u>	<u>(1,640,505)</u>	<u>413,927</u>
<b>FUND BALANCE – BEGINNING</b>	<u>2,042,889</u>	<u>2,046,468</u>	<u>3,579</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ (11,543)</u>	<u>\$ 405,963</u>	<u>\$ 417,506</u>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**NORTH RANGE METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
COLLECTION COST DETAILS - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2022**

	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>DIRECT AND INDIRECT COLLECTION COSTS</b>			
Indirect collection cost allocation	\$ -	\$ -	\$ -
Collection fees – County Treasurer	67,199	67,479	(280)
Legal fees	-	-	-
Bond paying agent fees	6,000	6,000	-
Miscellaneous costs	22,192	-	22,192
<b>Total Direct and Indirect Collection Costs</b>	<b><u>\$ 95,391</u></b>	<b><u>\$ 73,479</u></b>	<b><u>\$ 21,912</u></b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

NORTH RANGE METROPOLITAN DISTRICT NO. 1  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
 December 31, 2022

The District's repayment schedule for its general obligation bonds is as follows:

Year Ended Dec. 31,	\$25,745,000 G.O. Refunding Bonds Series 2016A Dated June 3, 2016 Principal due December 1				\$12,180,000 G.O. Bonds Series 2016B Dated June 3, 2016 Principal due December 1				Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	
2023	\$ 1,200,000	\$ 613,377	\$ 1,813,377	\$ -	\$ 436,125	\$ 436,125	\$ 1,200,000	\$ 1,049,502	\$ 2,249,502
2024	1,240,000	574,617	1,814,617	-	436,125	436,125	1,240,000	1,010,742	2,250,742
2025	1,280,000	534,565	1,814,565	-	436,125	436,125	1,280,000	970,690	2,250,690
2026	1,320,000	493,221	1,813,221	-	436,125	436,125	1,320,000	929,346	2,249,346
2027	1,360,000	450,585	1,810,585	-	436,125	436,125	1,360,000	886,710	2,246,710
2028	1,405,000	406,657	1,811,657	-	436,125	436,125	1,405,000	842,782	2,247,782
2029	1,450,000	361,276	1,811,276	-	436,125	436,125	1,450,000	797,401	2,247,401
2030	1,495,000	314,441	1,809,441	-	436,125	436,125	1,495,000	750,566	2,245,566
2031	1,545,000	266,152	1,811,152	-	436,125	436,125	1,545,000	702,277	2,247,277
2032	1,595,000	216,249	1,811,249	-	436,125	436,125	1,595,000	652,374	2,247,374
2033	1,645,000	164,730	1,809,730	-	436,125	436,125	1,645,000	600,855	2,245,855
2034	1,700,000	111,597	1,811,597	-	436,125	436,125	1,700,000	547,722	2,247,722
2035	1,755,000	56,687	1,811,687	-	436,125	436,125	1,755,000	492,812	2,247,812
2036	-	-	-	1,000,000	436,125	1,436,125	1,000,000	436,125	1,436,125
2037	-	-	-	1,050,000	386,125	1,436,125	1,050,000	386,125	1,436,125
2038	-	-	-	1,105,000	333,625	1,438,625	1,105,000	333,625	1,438,625
2039	-	-	-	1,160,000	315,875	1,475,875	1,160,000	315,875	1,475,875
2040	-	-	-	1,200,000	275,275	1,475,275	1,200,000	275,275	1,475,275
2041	-	-	-	1,245,000	233,275	1,478,275	1,245,000	233,275	1,478,275
2042	-	-	-	1,285,000	189,700	1,474,700	1,285,000	189,700	1,474,700
2043	-	-	-	1,330,000	144,725	1,474,725	1,330,000	144,725	1,474,725
2044	-	-	-	1,380,000	98,175	1,478,175	1,380,000	98,175	1,478,175
2045	-	-	-	675,000	49,875	724,875	675,000	49,875	724,875
<b>Total</b>	<b>\$ 18,990,000</b>	<b>\$ 4,564,154</b>	<b>\$ 23,554,154</b>	<b>\$ 11,430,000</b>	<b>\$ 8,132,400</b>	<b>\$ 20,312,400</b>	<b>\$ 30,420,000</b>	<b>\$ 12,696,554</b>	<b>\$ 43,116,554</b>

NORTH RANGE METROPOLITAN DISTRICT NO. 1  
**SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED**  
December 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied			Total Property Taxes		Percent Collected to Levied
		Operations	Debt	Subdistrict #1	Levied	Collected (Note A)	
2018	57,269,090	24.764	63.541	0.000	5,057,147	5,065,592	100.17%
2019	58,292,260	24.764	63.541	0.000	5,147,499	5,150,480	100.06%
2020	66,062,870	24.320	63.985	0.000	5,833,682	5,823,729	99.83%
2021	66,826,490	24.320	63.986	0.000	5,901,180	5,892,048	99.85%
2022	70,014,230	24.320	63.986	0.000	6,182,677	6,211,839	100.47%
2023	68,034,960	65.499	32.920	0.000	6,695,900	[TBD]	[TBD]

**NOTE A:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

## OTHER SUPPLEMENTARY INFORMATION

NORTH RANGE METROPOLITAN DISTRICT NO. 1  
**CHANGE IN TOTAL OVERLAPPING MILL LEVY**  
 December 31, 2022

	2022 Mill Levy *	2021 Mill Levy **	Change
North Range Metropolitan District No. 1	98.419	88.306	10.113
Brighton School District No. 27J	56.290	49.866	6.424
Commerce City North Infrastructure General Improvement District	14.000	20.000	(6.000)
Adams County	26.967	27.069	(0.102)
South Adams Fire District No. 4	14.750	14.750	-
Rangeview Library District	3.615	3.689	(0.074)
City of Commerce City	3.110	2.920	0.190
South Adams County Water and Sanitation District	2.424	2.277	0.147
Urban Drainage and Flood Control	0.900	0.900	-
Urban Drainage and Flood Control – South Platte	0.100	0.100	-
<b>Total Mill Levy (Tax Area 459)</b>	<b>220.575</b>	<b>209.877</b>	<b>10.698</b>

\* -- For property tax collections in 2023

\*\* -- For property tax collections in 2022

NORTH RANGE METROPOLITAN DISTRICT NO. 1  
**HISTORICAL DEBT RATIOS**  
 December 31, 2022

	2018	2019	2020	2021	2022
General Obligation Bonds	\$ 35,600,000	\$ 34,545,000	\$ 33,455,000	\$ 32,330,000	\$ 30,420,000
Accrued, unpaid interest - Bonds	102,508	99,668	96,374	93,706	93,706
Restricted Cash in Bond Funds	( 2,026,031)	( 2,119,203)	( 2,277,373)	( 2,079,492)	( 379,558)
Combined assessed property values within the District	57,269,090	58,292,260	66,062,870	66,826,490	70,014,230
Ratio of debt to assessed property values	58.8%	55.8%	47.3%	45.4%	43.0%