

**REX RANCH METROPOLITAN DISTRICT
Boulder County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**REX RANCH METROPOLITAN DISTRICT
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Board of Directors
Rex Ranch Metropolitan District
Boulder County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Rex Ranch 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Rex Ranch Metropolitan District as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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.



Wipfli LLP
Lakewood, Colorado

July 24, 2023

BASIC FINANCIAL STATEMENTS

**REX RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 2,537
Cash and Investments - Restricted	302,106
Receivable - County Treasurer	759
Property Taxes Receivable	277,106
Total Assets	582,508
LIABILITIES	
Accounts Payable	6,074
Accrued Interest Payable	15,812
Noncurrent Liabilities:	
Due Within One Year	15,000
Due in More Than One Year	5,624,038
Total Liabilities	5,660,924
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	277,106
Total Deferred Inflows of Resources	277,106
NET POSITION	
Restricted for:	
Emergency Reserves	1,200
Debt Service	285,731
Unrestricted	(5,642,453)
Total Net Position	\$ (5,355,522)

See accompanying Notes to Basic Financial Statements.

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

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 46,390	\$ -	\$ -	\$ (46,390)	
Interest and Related Costs on Long-Term Debt	389,975	-	-	(389,975)	
Total Governmental Activities	\$ 436,365	\$ -	\$ -	(436,365)	
GENERAL REVENUES					
Property Taxes				221,537	
Specific Ownership Taxes				9,903	
Interest Income				6,801	
Total General Revenues				238,241	
CHANGE IN NET POSITION				(198,124)	
Net Position - Beginning of Year				(5,157,398)	
NET POSITION - END OF YEAR				\$ (5,355,522)	

See accompanying Notes to Basic Financial Statements.

**REX RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 2,537	\$ -	\$ -	\$ 2,537
Cash and Investments - Restricted	1,200	300,906	-	302,106
Receivable - County Treasurer	122	637	-	759
Property Taxes Receivable	36,419	240,687	-	277,106
Total Assets	\$ 40,278	\$ 542,230	\$ -	\$ 582,508
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 6,074	\$ -	\$ -	\$ 6,074
Total Liabilities	6,074	-	-	6,074
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	36,419	240,687	-	277,106
Total Deferred Inflows of Resources	36,419	240,687	-	277,106
FUND BALANCES				
Restricted:				
TABOR Emergency Reserve	1,200	-	-	1,200
Debt Service	-	301,543	-	301,543
Unassigned	(3,415)	-	-	(3,415)
Total Fund Balances	(2,215)	301,543	-	299,328
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 40,278	\$ 542,230	\$ -	
Amounts reported for governmental activities in the statement of net position are different because:				
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not in the funds.				
Bonds Payable				(4,000,000)
Developer Advance Payable				(1,146,117)
Interest Payable on Developer Advance				(283,221)
Interest Payable on Bonds				(225,512)
Net Position of Governmental Activities				\$ (5,355,522)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 35,712	\$ 185,825	\$ -	\$ 221,537
Specific Ownership Taxes	1,596	8,307	-	9,903
Net Investment Income	22	6,750	29	6,801
Total Revenues	<u>37,330</u>	<u>200,882</u>	<u>29</u>	<u>238,241</u>
EXPENDITURES				
Accounting	25,970	-	-	25,970
Audit	4,600	-	-	4,600
County Treasurer's Fees	536	2,789	-	3,325
Dues and Licenses	284	-	-	284
Engineering	-	-	360	360
Insurance and Bonds	2,776	-	-	2,776
Legal	9,075	-	-	9,075
Paying Agent Fees	-	6,000	6,000	12,000
Bond Interest	-	189,750	-	189,750
Bond Issue Costs	-	-	50,000	50,000
Total Expenditures	<u>43,241</u>	<u>198,539</u>	<u>56,360</u>	<u>298,140</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,911)	2,343	(56,331)	(59,899)
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	255,000	255,000
Developer Advances	5,000	-	-	5,000
Repayment of Developer Advances	-	-	(284,985)	(284,985)
Transfer from Other Fund	-	2,343	(2,343)	-
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>2,343</u>	<u>(32,328)</u>	<u>(24,985)</u>
NET CHANGE IN FUND BALANCES	(911)	4,686	(88,659)	(84,884)
Fund Balances - Beginning of Year	<u>(1,304)</u>	<u>296,857</u>	<u>88,659</u>	<u>384,212</u>
FUND BALANCES - END OF YEAR	<u>\$ (2,215)</u>	<u>\$ 301,543</u>	<u>\$ -</u>	<u>\$ 299,328</u>

See accompanying Notes to Basic Financial Statements.

**REX RANCH 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 \$ (84,884)

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

The issuance of long-term debt (e.g., bonds, 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.

Issuance of Bonds - Series 2022C	(255,000)
Developer Advance Repayment - Principal	284,985

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 Bonds	(64,667)
Accrued Interest on Developer Advances - Change in Liability	(73,558)
Current Year Developer Advances	<u>(5,000)</u>

Change in Net Position of Governmental Activities \$ (198,124)

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

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 35,719	\$ 35,719	\$ 35,712	\$ (7)
Specific Ownership Taxes	1,786	1,786	1,596	(190)
Net Investment Income	10	10	22	12
Other Income	-	2,207	-	(2,207)
Total Revenues	<u>37,515</u>	<u>39,722</u>	<u>37,330</u>	<u>(2,392)</u>
EXPENDITURES				
Accounting	22,000	22,000	25,970	(3,970)
Audit	5,000	4,600	4,600	-
County Treasurer's Fees	536	536	536	-
Dues and Licenses	500	284	284	-
Insurance and Bonds	3,200	2,521	2,776	(255)
Legal	8,000	9,500	9,075	425
Contingency	-	5,559	-	5,559
Total Expenditures	<u>39,236</u>	<u>45,000</u>	<u>43,241</u>	<u>1,759</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(1,721)	(5,278)	(5,911)	(633)
OTHER FINANCING SOURCES (USES)				
Developer Advances	1,500	5,000	5,000	-
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	(221)	(278)	(911)	(633)
Fund Balance - Beginning of Year	<u>1,478</u>	<u>1,478</u>	<u>(1,304)</u>	<u>(2,782)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,257</u></u>	<u><u>\$ 1,200</u></u>	<u><u>\$ (2,215)</u></u>	<u><u>\$ (3,415)</u></u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Rex Ranch Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for Boulder County on December 1, 2010 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 entirely within the Town of Erie, Boulder County, Colorado.

The District was organized to provide financing for the construction, installation, and operation of public improvements, including streets, traffic and safety controls, street lighting, monumentation, signage, landscaping, water, sanitary sewer, storm drainage, transportation and park and recreation facilities, primarily for residential development within 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 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.

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

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 property 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.

**REX RANCH 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 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 due.

The District reports the following major governmental funds:

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2022.

Pooled Cash

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

Property Taxes

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

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

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

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

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2022. The deficit will be eliminated with the receipt of funds advanced by HT Flatiron LP (the “Developer”) in 2023.

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	\$ 2,537
Cash and Investments - Restricted	<u>302,106</u>
Total Cash and Investments	<u><u>\$ 304,643</u></u>

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

Deposits with Financial Institutions	\$ 7,014
Investments	<u>297,629</u>
Total Cash and Investments	<u><u>\$ 304,643</u></u>

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2022, the District's cash deposits had a bank balance and carrying balance of \$7,014.

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 which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 297,629
Total		<u>\$ 297,629</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates 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, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE 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 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 CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance - December 31, 2021	Additions	Retirements	Balance - December 31, 2022	Due Within One Year
Bonds Payable:					
Limited G.O. Refunding Bonds, Series 2018A	\$ 3,300,000	\$ -	\$ -	\$ 3,300,000	\$ 15,000
Limited G.O. Refunding Bonds, Series 2018B	445,000	-	-	445,000	-
Limited Tax Subordinate G.O. Bonds, Series 2022C	-	255,000	-	255,000	-
Subtotal of Bonds Payable	<u>3,745,000</u>	<u>255,000</u>	<u>-</u>	<u>4,000,000</u>	<u>15,000</u>
Other Debts:					
Developer Advances - Price Partners	70,458	-	-	70,458	-
Accrued Interest - Price Partners	44,565	4,932	-	49,497	-
Developer Advances - HT Flatiron	1,355,644	5,000	284,985	1,075,659	-
Accrued Interest - HT Flatiron	165,098	68,626	-	233,724	-
Accrued Interest - Series 2018B	145,033	47,135	-	192,168	-
Accrued Interest - Series 2022C	-	17,532	-	17,532	-
Subtotal of Other Debts	<u>1,780,798</u>	<u>143,225</u>	<u>284,985</u>	<u>1,639,038</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 5,525,798</u>	<u>\$ 398,225</u>	<u>\$ 284,985</u>	<u>\$ 5,639,038</u>	<u>\$ 15,000</u>

\$3,745,000 Limited Tax General Obligation Refunding Bonds, Series 2018, dated March 28, 2018

The District issued the Senior Bonds and Subordinate Bonds (collectively the 2018 Bonds) on March 28, 2018, in the amounts of \$3,300,000 and \$445,000, respectively. Proceeds from the sale of the Bonds were used for funding and reimbursing a portion of the costs of acquiring, constructing, and installing certain public improvements and paying costs of issuance; and, with respect to the Senior Bonds only, funding capitalized interest and making an initial deposit to the Surplus Fund.

The Senior Bonds bear interest at 5.75%, payable semi-annually on June 1 and December 1, beginning on December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Senior Bonds mature on December 1, 2047. The Senior Bonds are subject to redemption prior to maturity, at the option of the District, beginning on December 1, 2023, subject to a redemption premium up to 3%, and December 1, 2026, with no redemption premium.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$3,745,000 Limited Tax General Obligation Refunding Bonds, Series 2018, dated March 28, 2018 (Continued)

The Subordinate Bonds were issued at the rate of 7.875% per annum and payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2047. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amount due and owing on the Subordinate Bonds remains outstanding on December 16, 2059, such amount shall be deemed discharged and no longer be due and outstanding. The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, beginning on December 15, 2026, with no redemption premium.

The 2018 Bonds are secured by (1) the Required Mill Levy, (2) Specific Ownership Taxes attributable to the Required Mill Levy, (3) Capital Fees (if any), and any other legally available moneys which the District determines in its sole discretion to apply as pledged revenue.

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable and to make up any deficiencies in the Reserve Fund. The maximum Required Mill Levy is 50 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2022, the adjusted maximum mill levy is 55.663. For collection year 2022, the District levied 55.663 mills. The District can determine an Operations Deduction as necessary to pay or reimburse advances that were used to pay the District's operations and maintenance expenses, but not in excess of the following: (i) for levy year 2018 (for collection in 2019), the amount of \$35,000, and (ii) for each levy year thereafter, an additional 1%.

The outstanding bond principal and interest of the 2018A Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Principal*</u>	<u>Interest*</u>	<u>Total</u>
2023	\$ 15,000	\$ 189,750	\$ 204,750
2024	45,000	188,888	233,888
2025	50,000	186,300	236,300
2026	55,000	183,425	238,425
2027	60,000	180,262	240,262
2028-2032	400,000	841,800	1,241,800
2033-2037	590,000	706,388	1,296,388
2038-2042	870,000	506,574	1,376,574
2043-2047	1,215,000	218,788	1,433,788
Total	<u>\$ 3,300,000</u>	<u>\$ 3,202,175</u>	<u>\$ 6,502,175</u>

* The annual debt service requirements on Series 2018B and 2022C Subordinate Bonds are not currently determinable since they are payable only from available Subordinate and Second Subordinate Pledged Revenue.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$255,000 Taxable Second Subordinate General Obligation Limited Tax Bonds Series 2022C, dated March 9, 2022

The District issued the Second Subordinate Bonds on March 9, 2022 in the amount of \$255,000. Proceeds from the sale of the Bonds were used for funding and reimbursing a portion of the costs of acquiring, constructing, and installing certain public improvements that were not reimbursed by the Senior Bonds or the Subordinate Bonds. The Second Subordinate Bonds bear interest calculated based on the variable rate of the 30 Year MMD plus 5.35% resetting quarterly on each March 31, June 30, September 30, and December 31, with the provision of the maximum effective interest rate authorized of 18%.

The Second Subordinate Bonds are payable annually on December 15, beginning December 15, 2022, from, and to the extent of, Second Subordinate Pledged Revenue available, if any, and mature on December 15, 2051. The Second Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the Second Subordinate Bonds compounds annually on each December 15.

Authorized Debt

On November 2, 2010, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$20,550,000 at an interest rate not to exceed 18% per annum. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 2, 2010	Authorization Used for 2018 Bonds	Authorization Used for 2022 Bonds	Authorized But Unissued
Water	\$ 1,000,000	\$ 589,764	\$ 33,660	\$ 376,576
Sanitation/Stormwater	1,250,000	737,204	93,840	418,956
Streets	2,600,000	1,533,386	119,850	946,764
Parks and Recreation	1,000,000	589,764	255	409,981
Safety Protection	500,000	294,882	7,395	197,723
Operation and Maintenance	500,000	-	-	500,000
Debt Refunding	6,850,000	-	-	6,850,000
Intergovernmental Agreements	6,850,000	-	-	6,850,000
Total	<u>\$ 20,550,000</u>	<u>\$ 3,745,000</u>	<u>\$ 255,000</u>	<u>\$ 16,550,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$4,000,000.

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

NOTE 5 NET POSITION

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

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

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 1,200
Debt Service	285,731
Restricted Net Position	\$ 286,931

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of the bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District’s financial records.

NOTE 6 RELATED PARTY

The majority of the members of the Board of Directors are employees, owners, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

On May 4, 2011, the District entered into an Operation Funding and Reimbursement Agreement to repay advances made by Price Partners, LLC (“Price Partners”) for operations and maintenance (O&M) costs. The District agreed to repay Price Partners for such O&M advances plus accrued interest at the rate of 7%. No additional funds are expected to be advanced to the District from Price Partners. As of December 31, 2022 outstanding advances under the agreement total \$70,458 and accrued interest totaled \$49,497.

On March 19, 2018, the District entered into an Advance and Reimbursement Agreement to repay advances made by the Developer, for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at the published prime rate, plus 2%, adjusted semiannually on January 1 and July 1. The prime rate as published was 3.25% on January 1, 2022 and 4.75% on July 1, 2022. As of December 31, 2022 outstanding advances under the agreement total \$1,075,659 and accrued interest totaled \$233,724.

On March 19, 2018, the District entered into an Infrastructure Acquisition Agreement with the Developer. The agreement provides that the District will purchase from the Developer each completed public infrastructure improvement authorized by the District’s Service Plan upon satisfaction of certain requirements and conditions.

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

NOTE 7 INTERFUND TRANSFERS

The transfer from the Capital Projects Fund to the Debt Service Fund was due to transferring the remaining balances in the trust accounts to the Debt Service Fund.

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 2, 2010, 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.

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

NOTE 10 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. At December 31, 2022, the District determined its required emergency reserve to be approximately \$1,200.

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 11 SUBSEQUENT EVENTS

On April 27, 2023, the District issued General Obligation (Limited Tax) Refunding Loan, Series 2023 in the amount of \$4,230,000 (2023 Loan). The 2023 Loan proceeds will be used to refund the Series 2018A, Series 2018B and Series 2022C Bonds and pay for the Loan issuance costs.

SUPPLEMENTARY INFORMATION

**REX RANCH METROPOLITAN DISTRICT
DEBT SERVICE 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)
REVENUES			
Property Taxes	\$ 185,810	\$ 185,825	\$ 15
Specific Ownership Taxes	9,291	8,307	(984)
Net Investment Income	200	6,750	6,550
Total Revenues	<u>195,301</u>	<u>200,882</u>	<u>5,581</u>
EXPENDITURES			
General and Administrative:			
County Treasurer's Fees	2,787	2,789	(2)
Paying Agent Fees	6,000	6,000	-
Contingency	1,463	-	1,463
Debt Service:			
Bond Interest	<u>189,750</u>	<u>189,750</u>	<u>-</u>
Total Expenditures	<u>200,000</u>	<u>198,539</u>	<u>1,461</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,699)	2,343	7,042
OTHER FINANCING SOURCES (USES)			
Transfer from Other Fund	<u>-</u>	<u>2,343</u>	<u>2,343</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,343</u>	<u>2,343</u>
NET CHANGE IN FUND BALANCE	(4,699)	4,686	9,385
Fund Balance - Beginning of Year	<u>296,284</u>	<u>296,857</u>	<u>573</u>
FUND BALANCE - END OF YEAR	<u>\$ 291,585</u>	<u>\$ 301,543</u>	<u>\$ 9,958</u>

**REX RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS 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		
REVENUES				
Net Investment Income	\$ 25	\$ 342	\$ 29	\$ (313)
Total Revenues	<u>25</u>	<u>342</u>	<u>29</u>	<u>(313)</u>
EXPENDITURES				
General and Administrative				
Engineering	-	671	360	311
Capital Projects				
Paying Agent Fees	-	6,000	6,000	-
Bond Issue Costs	-	50,000	50,000	-
Capital Outlay	88,683	-	-	-
Total Expenditures	<u>88,683</u>	<u>56,671</u>	<u>56,360</u>	<u>311</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(88,658)	(56,329)	(56,331)	(2)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds - Series 2022C	-	255,000	255,000	-
Repayment of Developer Advances	-	(284,985)	(284,985)	-
Transfers to other fund	-	(2,344)	(2,343)	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>(32,329)</u>	<u>(32,328)</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	(88,658)	(88,658)	(88,659)	(1)
Fund Balance - Beginning of Year	<u>88,658</u>	<u>88,658</u>	<u>88,659</u>	<u>1</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION – UNAUDITED

**REX RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 32,963	55.277	0.000	\$ 1,822	\$ 1,822	100.00
2019	27,850	0.000	55.277	1,539	1,539	100.00
2020	1,425,163	24.804	30.859	79,329	79,272	99.93
2021	1,857,702	19.218	36.445	103,405	103,405	100.00
2022	3,979,818	8.975	46.688	221,529	221,537	100.00
Estimated for the Year Ending December 31, 2023	\$ 4,936,160	7.378	48.760	\$ 277,106		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements, if applicable. Information received from the County Treasurer does not permit identification of specific year of assessment.

**REX RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

\$3,300,000 General Obligation Refunding Bonds,
Series 2018A

Dated March 28, 2018

Principal Due December 1

Interest Rate 5.750%

Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 15,000	\$ 189,750	\$ 204,750
2024	45,000	188,888	233,888
2025	50,000	186,300	236,300
2026	55,000	183,425	238,425
2027	60,000	180,262	240,262
2028	70,000	176,813	246,813
2029	70,000	172,787	242,787
2030	80,000	168,763	248,763
2031	85,000	164,162	249,162
2032	95,000	159,275	254,275
2033	100,000	153,813	253,813
2034	110,000	148,062	258,062
2035	115,000	141,738	256,738
2036	130,000	135,125	265,125
2037	135,000	127,650	262,650
2038	150,000	119,887	269,887
2039	160,000	111,263	271,263
2040	175,000	102,062	277,062
2041	185,000	92,000	277,000
2042	200,000	81,362	281,362
2043	210,000	69,863	279,863
2044	230,000	57,787	287,787
2045	240,000	44,563	284,563
2046	260,000	30,763	290,763
2047	275,000	15,812	290,812
Total	<u>\$ 3,300,000</u>	<u>\$ 3,202,175</u>	<u>\$ 6,502,175</u>