

OLD RANCH METROPOLITAN DISTRICT

El Paso County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**OLD RANCH METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Old Ranch Metropolitan District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Old Ranch Metropolitan District ("District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of December 31, 2023, the respective changes in financial position, the budgetary comparison for the general fund, 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 the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is 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. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information 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 provide any 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 6, 2024

BASIC FINANCIAL STATEMENTS

**OLD RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 316,293	\$ -	\$ 316,293
Cash and Investments - Restricted	129,962	55,735	185,697
Prepaid Expenses	255	-	255
Due from UCC No. 1	4,840	-	4,840
Due from UCC No. 2	5,188	-	5,188
Due from UCC No. 3	13,293	-	13,293
Due from UCC No. 4	7,108	-	7,108
Due from UCC No. 5	30	-	30
Accounts receivable - non-potable water	-	1,315,759	1,315,759
Accounts receivable - AFA Falfins	12,068	-	12,068
Accounts receivable - recreation center	156,333	-	156,333
Capital Assets:			
Capital Assets Not Being Depreciated	13,399,277	-	13,399,277
Capital Assets Net of Depreciation	39,313,838	8,839,607	48,153,445
Total Assets	53,358,485	10,211,101	63,569,586
LIABILITIES			
Accounts Payable	53,399	4,446	57,845
Accrued Interest	36,800	-	36,800
Noncurrent Liabilities:			
Due Within One Year	30,000	-	30,000
Due in More Than One Year	142,084,877	12,626,022	154,710,899
Total Liabilities	142,205,076	12,630,468	154,835,544
NET POSITION			
Net Investment in Capital Assets	8,638,270	(1,309,461)	7,328,809
Restricted for:			
Emergency Reserve	71,700	-	71,700
Indoor Pool	22,350	-	22,350
Unrestricted	(97,578,911)	(1,109,906)	(98,688,817)
Total Net Position	\$ (88,846,591)	\$ (2,419,367)	\$ (91,265,958)

See accompanying Notes to Basic Financial Statements.

**OLD RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Primary Government:						
Governmental Activities:						
General Government	\$ 3,454,432	\$ 644,829	\$ 1,742,748	\$ 5,928,145	\$ -	\$ 5,928,145
Interest on Long-Term Debt and Related Costs	7,131,884	-	541,441	(6,590,443)	-	(6,590,443)
Total Governmental Activities	<u>\$ 10,586,316</u>	<u>\$ 644,829</u>	<u>\$ 2,284,189</u>	(662,298)	-	(662,298)
Business-Type Activities:						
Water/Sewer Facilities	\$ 1,138,958	\$ 335,314	\$ -	-	(803,644)	(803,644)
Total Business-Type Activities	<u>\$ 1,138,958</u>	<u>\$ 335,314</u>	<u>\$ -</u>	-	(803,644)	(803,644)
GENERAL REVENUES						
Interest Income				22,647	-	22,647
Total General Revenues and Transfers				<u>22,647</u>	<u>-</u>	<u>22,647</u>
CHANGES IN NET POSITION				(639,651)	(803,644)	(1,443,295)
Net Position - Beginning of Year				(88,206,940)	(1,615,723)	(89,822,663)
NET POSITION - END OF YEAR				<u>\$ (88,846,591)</u>	<u>\$ (2,419,367)</u>	<u>\$ (91,265,958)</u>

See accompanying Notes to Basic Financial Statements.

**OLD RANCH METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 316,293	\$ -	\$ -	\$ 316,293
Cash and Investments - Restricted	71,700	7,911	50,351	129,962
Due from UCC No. 1	846	3,994	-	4,840
Due from UCC No. 2	5,188	-	-	5,188
Due from UCC No. 3	13,293	-	-	13,293
Due from UCC No. 4	7,108	-	-	7,108
Due from UCC No. 5	30	-	-	30
Accounts receivable - AFA Falfins	12,068	-	-	12,068
Accounts receivable - recreation center	156,333	-	-	156,333
Prepaid Expenses	255	-	-	255
	<u>\$ 583,114</u>	<u>\$ 11,905</u>	<u>\$ 50,351</u>	<u>\$ 645,370</u>
Total Assets				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 53,399	\$ -	\$ -	\$ 53,399
Total Liabilities	<u>53,399</u>	<u>-</u>	<u>-</u>	<u>53,399</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expense	255	-	-	255
Restricted for:				
Emergency Reserves	71,700	-	-	71,700
Debt Service	-	11,905	-	11,905
Capital Projects	-	-	50,351	50,351
Indoor Pool	22,350	-	-	22,350
Unassigned	435,410	-	-	435,410
Total Fund Balances	<u>529,715</u>	<u>11,905</u>	<u>50,351</u>	<u>591,971</u>
	<u>\$ 583,114</u>	<u>\$ 11,905</u>	<u>\$ 50,351</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				

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

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

Capital assets, net	52,713,115
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bond interest Payable - 2022	(36,800)
Bond interest Payable - 2007B	(1,567,737)
Bonds Payable	(7,680,000)
Notes Payable	(1,299,410)
Developer Advance Payable	(81,914,706)
Accrued Interest on Developer Advance	<u>(49,653,024)</u>

Net Position of Governmental Activities	<u>\$ (88,846,591)</u>
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See accompanying Notes to Basic Financial Statements.

**OLD RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Interest Income	\$ 713	\$ 21,934	\$ -	\$ 22,647
Intergovernmental Revenues - UCCMD1	114,692	541,441	-	656,133
Intergovernmental Revenues - UCCMD2	329,440	-	4,055,000	4,384,440
Intergovernmental Revenues - UCCMD3	843,448	-	2,940,000	3,783,448
Intergovernmental Revenues - UCCMD4	451,229	-	-	451,229
Intergovernmental Revenues - UCCMD5	3,939	-	-	3,939
Recreation Center Fees	69,653	-	-	69,653
Recreation center fees - HOA	556,300	-	-	556,300
Indoor Pool Revenue	18,876	-	-	18,876
Total Revenues	<u>2,388,290</u>	<u>563,375</u>	<u>6,995,000</u>	<u>9,946,665</u>
EXPENDITURES				
Current:				
Accounting	106,242	-	2,274	108,516
Auditing	18,430	-	-	18,430
Banking Fees	1,240	-	-	1,240
Consulting Services	172,247	-	-	172,247
Cable/Telecom/WIFI	9,719	-	-	9,719
District Management	92,412	-	-	92,412
Dues And Membership	3,855	-	-	3,855
Election	21,396	-	-	21,396
Gateway Park	5,390	-	-	5,390
Engineering	-	-	62,805	62,805
Tree/Plant Replacement	8,700	-	-	8,700
Insurance	34,894	-	-	34,894
Landscape Maintenance	1,219,417	-	-	1,219,417
Legal	64,036	-	-	64,036
Miscellaneous	19,481	-	-	19,481
Non-Potable Water Fees	259,187	-	-	259,187
Pest Control	10,865	-	-	10,865
Recreation Center - Pool	114,434	-	-	114,434
Recreation Center - Utility - Water	6,137	-	-	6,137
Recreation Center - Other	6,493	-	-	6,493
Recreation Center - Utility - Electricity	6,561	-	-	6,561
Recreation Center - Utility - Gas	14,786	-	-	14,786
Recreation Center - Utility - Wastewater	2,697	-	-	2,697
Recreation Center - Trash Removal	5,932	-	-	5,932
Recreation Center - Repairs And Maintenance	25,430	-	-	25,430
Recreation Center - Cleaning Services	6,840	-	-	6,840
Recreation Center - Furniture/Equipment	27,144	-	-	27,144
Storm Water Fees	37,976	-	-	37,976
Utilities	201,166	-	-	201,166
Debt Service:				
Bond Interest - Series 2007B	-	119,826	-	119,826
Bond Interest - Series 2022	-	441,600	-	441,600
Capital Projects:				
Capital Outlay	-	-	973,827	973,827
Parks And Recreation	-	-	3,388,488	3,388,488
Streets	-	-	5,834,395	5,834,395
Storm Drainage	-	-	6,188,998	6,188,998
Sewer	-	-	2,889,848	2,889,848
Water - Non Utilities	-	-	3,701,207	3,701,207
Total Expenditures	<u>2,503,107</u>	<u>561,426</u>	<u>23,041,842</u>	<u>26,106,375</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(114,817)	1,949	(16,046,842)	(16,159,710)
OTHER FINANCING SOURCES (USES)				
Developer Advance	172,247	-	23,039,567	23,211,814
Repay Developer Advance	-	-	(6,995,000)	(6,995,000)
Long-Term Note Advance	259,187	-	-	259,187
Total Other Financing Sources	<u>431,434</u>	<u>-</u>	<u>16,044,567</u>	<u>16,476,001</u>
NET CHANGE IN FUND BALANCES	316,617	1,949	(2,275)	316,291
Fund Balances - Beginning of Year	<u>213,098</u>	<u>9,956</u>	<u>52,626</u>	<u>275,680</u>
FUND BALANCES - END OF YEAR	<u>\$ 529,715</u>	<u>\$ 11,905</u>	<u>\$ 50,351</u>	<u>\$ 591,971</u>

See accompanying Notes to Basic Financial Statements.

**OLD 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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 316,291

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

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

Capital Outlay	22,976,763
Depreciation Expense	(1,596,536)
Transfer of Public Improvements to Other Governments	-

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 government funds. Neither transaction, however, has any effect on net position.

Proceeds From Long-Term Note	(259,187)
Proceeds From Developer Advance	(23,211,814)
Repay Developer Advance	6,995,000

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

Accrued Interest Payable Developer Advance - Change in Liability	(5,855,729)
Accrued Interest Payable - Change in Liability - Series 2007B	<u>(4,439)</u>

Changes in Net Position of Governmental Activities \$ (639,651)

**OLD RANCH METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 400	\$ 664	\$ 713	\$ 49
Intergovernmental Revenues	1,736,293	1,737,305	1,742,748	5,443
Recreation Center Fees	30,000	25,000	69,653	44,653
Recreation center fees - HOA	525,000	605,912	556,300	(49,612)
Indoor Pool Revenue	30,000	25,000	18,876	(6,124)
Recreation center rental income	8,500	2,000	-	(2,000)
Total Revenues	<u>2,330,193</u>	<u>2,395,881</u>	<u>2,388,290</u>	<u>(7,591)</u>
EXPENDITURES				
Accounting	100,000	100,000	106,242	(6,242)
Auditing	15,000	15,000	18,430	(3,430)
Banking Fees	-	1,000	1,240	(240)
Consulting Services	170,000	170,000	172,247	(2,247)
Contingency	9,500	-	-	-
Cable/Telecom/Wifi	10,000	12,000	9,719	2,281
District Management	80,000	107,000	92,412	14,588
Dues And Membership	5,000	3,855	3,855	-
Election	8,000	21,110	21,396	(286)
Tree/Plant Replacement	-	-	8,700	(8,700)
Gateway Park	3,500	3,500	5,390	(1,890)
Insurance	40,000	34,894	34,894	-
Landscaping	3,000	-	-	-
Landscape Maintenance	1,150,000	1,304,483	1,219,417	85,066
Legal	80,000	40,000	64,036	(24,036)
Miscellaneous	20,000	22,000	19,481	2,519
Non-Potable Water Fees	165,000	206,000	259,187	(53,187)
Pest Control	10,000	10,000	10,865	(865)
Recreation Center - Pool	120,000	120,000	114,434	5,566
Recreation Center - Utility - Water	20,000	15,000	6,137	8,863
Recreation Center - Other	10,000	10,000	6,493	3,507
Recreation Center - Utility - Electricity	10,000	10,000	6,561	3,439
Recreation Center - Utility - Gas	25,000	25,000	14,786	10,214
Recreation Center - Utility - Wastewater	5,000	4,000	2,697	1,303
Recreation Center - Trash Removal	3,000	8,000	5,932	2,068
Recreation Center - Management	4,000	-	-	-
Recreation Center - Repairs And Maintenance	60,000	60,514	25,430	35,084
Recreation Center - Cleaning Services	8,000	4,500	6,840	(2,340)
Recreation Center - Furniture/Equipment	35,000	27,144	27,144	-
Storm Water Fees	50,000	45,000	37,976	7,024
Utilities	125,000	130,000	201,166	(71,166)
Total Expenditures	<u>2,344,000</u>	<u>2,510,000</u>	<u>2,503,107</u>	<u>6,893</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(13,807)	(114,119)	(114,817)	(698)
OTHER FINANCING SOURCES (USES)				
Developer Advance	170,000	170,000	172,247	2,247
Long-Term Note Advance	-	-	259,187	259,187
Total Other Financing Sources	<u>170,000</u>	<u>170,000</u>	<u>431,434</u>	<u>261,434</u>
NET CHANGE IN FUND BALANCE	156,193	55,881	316,617	260,736
Fund Balance - Beginning of Year	<u>405,560</u>	<u>213,098</u>	<u>213,098</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 561,753</u>	<u>\$ 268,979</u>	<u>\$ 529,715</u>	<u>\$ 260,736</u>

See accompanying Notes to Basic Financial Statements.

**OLD RANCH METROPOLITAN DISTRICT
ENTERPRISE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

OPERATING REVENUES	
Operating Revenues	\$ 335,314
Total Operating Revenues	<u>335,314</u>
OPERATING EXPENSES	
Administration and General Expenses:	
Repairs and maintenance	38,301
Engineering	4,967
Administration fees	8,705
Utilities	38,393
Depreciation Expense	338,302
Total Operating Expenses	<u>428,668</u>
OPERATING (LOSS)	(93,354)
NONOPERATING REVENUES AND EXPENSES	
Interest Expense	(710,290)
Total Nonoperating Revenues and Expenses	<u>(710,290)</u>
CHANGE IN NET POSITION	(803,644)
Total Net Position - Beginning of Year	<u>(1,615,723)</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ (2,419,367)</u></u>

See accompanying Notes to Basic Financial Statements.

**OLD RANCH METROPOLITAN DISTRICT
ENTERPRISE FUND –
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 59,778
Payments to Suppliers	<u>(91,489)</u>
Net Cash Used by Operating Activities	<u>(31,711)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	754,753
Payments of Developer Advances	<u>(754,753)</u>
Net Cash Provided by Capital and Related Financing Activities	-

DECREASE IN CASH AND CASH EQUIVALENTS

(31,711)

Cash and Cash Equivalents - Beginning of Year

87,446

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 55,735

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (93,354)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	338,302
Increase in:	
Accounts Receivable	(275,536)
Decrease in:	
Accounts Payable	<u>(1,123)</u>
Net Cash Used by Operating Activities	<u><u>\$ (31,711)</u></u>

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Old Ranch Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by order and decree of the District Court of El Paso County on August 27, 2002, concurrently with Upper Cottonwood Creek Metropolitan District (collectively, the Districts). The Districts were formed under a Joint Service Plan approved by the City of Colorado Springs (the City) and modified on February 6, 2006, and are governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Districts' Amended Service Plan allowed for the creation of Upper Cottonwood Creek Metropolitan District Nos. 2 – 5 within the original boundaries of Upper Cottonwood Creek Metropolitan District. The Districts' service area is located entirely within the City. The District is responsible for managing the construction of certain public facilities and improvements and for operation and maintenance of the limited list of public improvements which are not conveyed to the City. Upper Cottonwood Creek and Upper Cottonwood Creek Nos. 2 – 5 (collectively, the Financing Districts) are responsible for providing the funding and tax base needed to support the financing plan for capital improvements and to fund limited ongoing operations. Under the Amended Service Plan, the Districts provide the following services: parks and recreation, sanitary sewer, storm drainage, streets, traffic safety protection, water, and mosquito control.

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. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources 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 the governmental funds and proprietary 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 intergovernmental revenues, recreation center fees, and indoor pool revenues. 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 general obligation debt of the governmental funds.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The District reports the following major proprietary funds:

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

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 amended its annual budget for the year ended December 31, 2023.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and investments.

Cash and Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds (current portion of interfund loans) or advances to/from other funds (long-term portion of interfund loans). The interfund balances have been eliminated in the government-wide statements except for the residual balances between the governmental activities and business-type activities, which are reported as internal balances.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

It is the policy of the City to accept maintenance responsibility for all capital improvements within the City, except for certain landscaping improvements specified in the District's Service Plan, upon the District's completion and conveyance of such improvements provided they meet the City's specifications.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Recreation Facilities	30 Years
Storm Drainage	30 Years
Nonpotable Water Systems	30 Years

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.

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.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 316,293
Cash and Investments - Restricted	185,697
Total Cash and Investments	\$ 501,990

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 370,358
Investments	131,632
Total Cash and Investments	\$ 501,990

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, 2023, the District’s cash deposits had a bank balance of \$370,358 and a carrying balance of \$370,358.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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

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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 131,632
Total		<u>\$ 131,632</u>

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Capital Assets	\$ -	\$ 13,399,277	\$ -	\$ 13,399,277
Total Capital Assets, Not Being Depreciated	-	13,399,277	-	13,399,277
Capital Assets, Being Depreciated:				
Parks and Recreation	17,144,943	3,388,488	-	20,533,431
Drainage and Detention	21,173,650	6,188,998	-	27,362,648
Total Capital Assets, Being Depreciated	38,318,593	9,577,486	-	47,896,079
Less Accumulated Depreciation for:				
Accumulated Depreciation - Parks and Rec	(4,313,496)	(684,448)	-	(4,997,944)
Accumulated Depreciation - Drainage & Detention	(2,672,209)	(912,088)	-	(3,584,297)
Total Accumulated Depreciation	(6,985,705)	(1,596,536)	-	(8,582,241)
Governmental Activities Capital Assets, Net	<u>\$ 31,332,888</u>	<u>\$ 21,380,227</u>	<u>\$ -</u>	<u>\$ 52,713,115</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Non-potable Water Systems	\$ 9,394,315	\$ 754,753	\$ -	\$ 10,149,068
Total Capital Assets, Being Depreciated	9,394,315	754,753	-	10,149,068
Less Accumulated Depreciation for:				
Accumulated Depreciation	(971,159)	(338,302)	-	(1,309,461)
Total Accumulated Depreciation	(971,159)	(338,302)	-	(1,309,461)
Business-Type Activities Capital Assets, Net	<u>\$ 8,423,156</u>	<u>\$ 416,451</u>	<u>\$ -</u>	<u>\$ 8,839,607</u>

Depreciation expense was charged to the general government and enterprise functions/programs of the District as follows:

Governmental Activities:	
Total Depreciation Expense - Governmental Activities	<u>\$ (1,596,536)</u>
Business-Type Activities:	
Total Depreciation Expense - Business-Type Activities	<u>\$ (338,302)</u>

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds					
Series 2022 Refunding Bond	\$ 7,680,000	\$ -	\$ -	\$ 7,680,000	\$ 30,000
Accrued Interest					
Series 2007B Sub. Special Revenue	1,563,298	124,265	119,826	1,567,737	-
Bond Subtotal Bonds Payable	<u>9,243,298</u>	<u>124,265</u>	<u>119,826</u>	<u>9,247,737</u>	<u>30,000</u>
Notes/Loans/Bonds from Direct Borrowings and Direct Placements:					
Long-Term Note Advance	1,040,223	259,187	-	1,299,410	-
Subtotal Notes/Loans/Bonds from Direct Borrowings and Direct Placements	<u>1,040,223</u>	<u>259,187</u>	<u>-</u>	<u>1,299,410</u>	<u>-</u>
Other Debts:					
Developer Advance - Operating	6,875,378	172,247	-	7,047,625	-
Developer Advance - Capital	58,822,514	23,039,567	6,995,000	74,867,081	-
Accrued Interest on:					
Developer Advance - Operating	3,699,106	481,277	-	4,180,383	-
Developer Advance - Capital	40,098,189	5,374,452	-	45,472,641	-
Subtotal Other Debts	<u>109,495,187</u>	<u>29,067,543</u>	<u>6,995,000</u>	<u>131,567,730</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 119,778,708</u>	<u>\$ 29,450,995</u>	<u>\$ 7,114,826</u>	<u>\$ 142,114,877</u>	<u>\$ 30,000</u>
Business-Type Activities:					
Other Debts:					
Developer Advance - Capital	\$ 9,394,314	\$ 754,753	\$ -	\$ 10,149,067	\$ -
Accrued Interest on:					
Developer Advance - Capital	1,766,665	710,290	-	2,476,955	-
Subtotal Other Debts	<u>11,160,979</u>	<u>1,465,043</u>	<u>-</u>	<u>12,626,022</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 11,160,979</u>	<u>\$ 1,465,043</u>	<u>\$ -</u>	<u>\$ 12,626,022</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

Series 2007B Bonds Payable

On March 15, 2007, the District issued \$1,300,000 of Taxable Subordinate Special Revenue Bonds, Series 2007B. The Bonds were issued to reimburse the Developer for infrastructure acquired by the District. The Series 2007B Bonds bear interest at 8.00% per annum.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2007B Bonds Payable (Continued)

The Bonds are secured by and payable from the Pledged Revenue (see Note 9, Capital Pledge Agreement), consisting of monies derived by 1) the Taxing Districts from the following sources, net of collection costs: the Taxing Districts Mill Levy, 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Mill Levy, and 3) any other legally available monies of the District credited to the Bond Fund.

\$7,680,000 Limited Special Revenue Refunding Bonds, Series 2022

On April 28, 2022, the District issued \$7,680,000 in Limited Special Revenue Refunding Bonds, Series 2022 (the Series 2022 Bonds). Proceeds from the sale of the Series 2022 Bonds were used to pay the costs of issuing for the Series 2022 Bonds, refund the Series 2007A Bonds in full, and to refund all principal of the Series 2007B Bonds and a portion of the Series 2007B Bonds accrued interest.

The Series 2022 Bonds bear interest at a rate of 5.75%, payable annually on December 1, beginning on December 1, 2022. The Series 2022 Bonds were issued as term bonds that have mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2024. The Series 2022 Bonds mature on December 1, 2046.

To the extent principal of any Series 2022 Bond is not paid when due, principal shall remain Outstanding until its payment and shall continue to bear interest at the rate then borne by the Series 2022 Bonds. To the extent interest on any Series 2022 Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Series 2022 Bonds.

The Series 2022 Bonds are subject to redemption prior to maturity, at the option of the District to the extent permitted by law, on December 1, 2028, upon payment of par and accrued interest and on any date thereafter, with no redemption premium.

The Series 2022 Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Taxing Districts from the following sources, net of collection costs: the Taxing Districts Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Taxing Districts Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the debt service fund for application as Pledged Revenue.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$7,680,000 Limited Special Revenue Refunding Bonds, Series 2022 (Continued)

Events of Default for the Series 2022 Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond resolution.
- ii. The District defaults in the performance or observance of any other of the covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due shall not, of itself, constitute an event of Default under the Indenture.

Remedies on Occurrence of Event of Default for the Series 2022 Bonds

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- i. Mandamus or Other Suit: The Owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

No Acceleration

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

As of December 31, 2023, the District was not in default.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,000	\$ 441,600	\$ 471,600
2025	35,000	439,875	474,875
2026	65,000	437,863	502,863
2027	70,000	434,125	504,125
2028	100,000	430,100	530,100
2029-2033	810,000	2,043,551	2,853,551
2034-2038	1,590,000	1,726,726	3,316,726
2039-2043	2,660,000	1,155,464	3,815,464
2044-2046	2,320,000	274,563	2,594,563
Total	<u>\$ 7,680,000</u>	<u>\$ 7,383,867</u>	<u>\$ 15,063,867</u>

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 5, 2002, the District's electorate authorized the issuance of indebtedness in an amount not to exceed \$52,280,000 for infrastructure improvements and operations and maintenance at an interest rate not to exceed 12% and \$52,280,000 for refunding the District's debt or other obligations.

	Authorized November 5, 2002 Election	Authorization Used 2007 Bonds	Authorization Used 2022 Bonds	Remaining at December 31, 2023
Streets	\$ 24,790,200	\$ 4,160,024	\$ -	\$ 20,629,086
Water	4,393,200	2,029,000	-	2,364,200
Sanitary Sewer and Storm Drainage	8,034,200	697,000	-	7,337,200
Parks and Recreation	15,062,400	109,000	-	14,953,400
Refunding of Debt	52,280,000	-	7,680,000	44,600,000
Total	<u>\$ 104,560,000</u>	<u>\$ 6,995,024</u>	<u>\$ 7,680,000</u>	<u>\$ 89,883,886</u>

Pursuant to the Joint Service Plan as amended on February 6, 2006, the Districts can issue bond indebtedness of up to \$7,000,000. In addition, the maximum debt service mill levy for the Districts is 16.500 mills, as adjusted for changes in the ratio of actual value to assessed value property within the Districts. As of December 31, 2023, the calculated adjusted debt service mill levy was 21.725 mills. For collection during 2023, Upper Cottonwood Creek Metropolitan District levied 21.725 mills and remitted the net property taxes to the District per agreement (Note 9).

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

Developer Advances

For the year ended December 31, 2023, the District recognized a total of \$172,247 in Developer advances for operations and a total of \$23,039,567 in Developer advances for capital improvements.

In July, 2006, amended on March 30, 2011, the District and the Financing Districts entered into a Joint Financing and Reimbursement Agreement with the Developer to repay advances made by the Developer for operation and maintenance and capital improvement costs. The District agrees to repay the Developer along with accrued interest of 7% from the first day of the following year in which the advances were made. The District's repayment obligation pursuant to this agreement is subject to annual appropriation.

As of December 31, 2023, outstanding Developer Advances under the agreement totaled \$92,063,773 and accrued interest totaled \$52,129,979.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Long-Term Receivable

For the year ended December 31, 2023, the District recognized a total of \$259,187 in long-term receivables for water used within the District which was provided by the enterprise fund. The general fund has been unable to fund these costs since inception. The repayment of this long-term receivable is subject to annual appropriation.

As of December 31, 2023, the District had total long-term receivables of \$1,299,410 in the enterprise fund and corresponding long-term obligations of \$1,299,410 in the general fund.

NOTE 6 NET POSITION

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

Net investment in capital assets component of net position consists of capital assets that are owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2023, the District had net investment in capital assets calculated as follows:

	Governmental Activities	Business- Type Activities
Net Investment in Capital Assets:		
Capital Assets, Net	\$ 39,313,838	\$ 8,839,607
Noncurrent Portion of Long-Term Obligations	(30,675,568)	(10,149,068)
Net Investment in Capital Assets	\$ 8,638,270	\$ (1,309,461)

The restricted component of net position consists of 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, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 71,700
Indoor Pool	22,350
Total Restricted Net Position	\$ 94,050

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION (CONTINUED)

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

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Nor'wood Development Group, Development Management INC., Villages at Wolf Ranch, LLC, and Westcreek at Wolf Ranch, LLC. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer.

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 AGREEMENTS

On January 14, 2002, the District entered into a District Facilities Construction and Service Agreement (IGA) with Upper Cottonwood Creek Metropolitan District. The IGA was amended on June 1, 2006, to include Upper Cottonwood Creek Metropolitan District Nos. 2 – 5. The IGA provides that the District is to construct, own, maintain and operate the facilities benefiting the aforementioned Districts. Upper Cottonwood Creek Metropolitan District and Upper Cottonwood Creek Metropolitan District Nos. 2 – 5 have agreed to finance such activities by either issuing bonds and/or pledging certain revenues collected within the boundaries of the Financing Districts.

On February 10, 2010 and amended on April 26, 2019, the District entered into an agreement with AFA Falfins, Inc. (Falfins) that allows Falfins to use the pool during the Off Season for swim lessons, water aerobics, and other related activities. The District is responsible for maintaining a reserve fund that both the District and Falfins will make contributions into that will be used to pay for future repairs and maintenance to the pool. At December 31, 2023, the District had \$22,350 of restricted net position for Indoor Pool Reserves.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 AGREEMENTS (CONTINUED)

On June 25, 2018, the District entered into a Water Purchase Agreement with Wolf Ranch Water Co., LLC (Water Company). The Water Purchase Agreement allows the District to purchase up to 521-acre feet per year of water rights from the Water Company for the sole purpose of providing non-potable water to the area generally known as Wolf Ranch development in Colorado Springs. The District will account for all revenues and expenses related to the non-potable water separate from the District's other activities. The agreement remains in effect until all bonds or other debt obligations issued by the District for financing the infrastructure has been repaid.

Capital Pledge Agreement

On February 20, 2007, the District (Issuing District) and Upper Cottonwood Creek Metropolitan District entered into a Capital Pledge Agreement (the Pledge Agreement) to secure payment of the District's Limited Tax Special Revenue Refunding Bonds (the 2007 Bonds) issued by the District on March 15, 2007, for the purposes of financing public infrastructure.

Pursuant to the Pledge Agreement, Upper Cottonwood Creek Metropolitan District has pledged certain property tax revenues received to repay the 2007 Bonds. Effective March 30, 2022, a resolution was approved to apply the Pledge Agreement to the Limited Tax Special Revenue Refunding Bonds Series 2022.

NOTE 10 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (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.

**OLD RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

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.

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.

On November 5, 2002, the District's voters authorized the District to increase property taxes \$1,700,000 annually, without limitation of rate and without regard to any spending, revenue raising, or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

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

SUPPLEMENTARY INFORMATION

**OLD RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Interest Income	\$ 1,000	\$ 1,000	\$ 21,934	\$ 20,934
Other revenue	-	32,658	-	(32,658)
Intergovernmental Revenues	539,088	539,088	541,441	2,353
Total Revenues	<u>540,088</u>	<u>572,746</u>	<u>563,375</u>	<u>(9,371)</u>
EXPENDITURES				
Bond Interest - Series 2007B	95,742	95,742	119,826	(24,084)
Bond interest - series 2022	441,600	441,600	441,600	-
Contingency	-	32,658	-	32,658
Total Expenditures	<u>537,342</u>	<u>570,000</u>	<u>561,426</u>	<u>8,574</u>
NET CHANGE IN FUND BALANCE	2,746	2,746	1,949	(797)
Fund Balance - Beginning of Year	<u>19,315</u>	<u>19,315</u>	<u>9,956</u>	<u>(9,359)</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,061</u>	<u>\$ 22,061</u>	<u>\$ 11,905</u>	<u>\$ (10,156)</u>

**OLD RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 10,425,000	\$ 6,995,000	\$ (3,430,000)
Total Revenues	<u>10,425,000</u>	<u>6,995,000</u>	<u>(3,430,000)</u>
EXPENDITURES			
Accounting	11,000	2,274	8,726
Engineering	-	62,805	(62,805)
Legal	40,000	-	40,000
Intergovernmental Expenditures	30,000	-	30,000
Capital Outlay	24,935,703	973,827	23,961,876
Parks And Recreation	-	3,388,488	(3,388,488)
Streets	-	5,834,395	(5,834,395)
Storm Drainage	-	6,188,998	(6,188,998)
Sewer	-	2,889,848	(2,889,848)
Water - Non Utilities	-	3,701,207	(3,701,207)
Total Expenditures	<u>25,016,703</u>	<u>23,041,842</u>	<u>1,974,861</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(14,591,703)	(16,046,842)	(1,455,139)
OTHER FINANCING SOURCES (USES)			
Developer Advance	25,000,000	23,039,567	(1,960,433)
Repay Developer Advance	(10,425,000)	(6,995,000)	3,430,000
Total Other Financing Sources	<u>14,575,000</u>	<u>16,044,567</u>	<u>1,469,567</u>
NET CHANGE IN FUND BALANCE	(16,703)	(2,275)	14,428
Fund Balance - Beginning of Year	<u>16,703</u>	<u>52,626</u>	<u>35,923</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 50,351</u>	<u>\$ 50,351</u>

**OLD RANCH METROPOLITAN DISTRICT
ENTERPRISE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Water Service Fees	\$ 250,000	\$ 335,314	\$ 85,314
Interest Income	30	-	(30)
Total Revenues	250,030	335,314	85,284
EXPENDITURES			
Administration and General Expenses:			
Administration Fees	50,000	8,705	41,295
Repairs And Maintenance	50,000	38,301	11,699
Engineering	10,000	4,967	5,033
Landscape Maintenance	35,000	-	35,000
Utilities	50,000	38,393	11,607
Capital Expenditures/Outlay:			
Capital Outlay	2,000,000	754,753	1,245,247
Total Expenditures	2,195,000	845,119	1,349,881
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,944,970)	(509,805)	1,435,165
OTHER FINANCING SOURCES (USES)			
Developer Advance	2,000,000	754,753	(1,245,247)
Total Other Financing Sources (Uses)	2,000,000	754,753	(1,245,247)
NET CHANGE IN FUNDS AVAILABLE	55,030	244,948	189,918
Funds Available - Beginning of Year	1,007,285	1,122,100	114,815
FUND AVAILABLE - END OF YEAR	\$ 1,062,315	\$ 1,367,048	\$ 304,733

**OLD RANCH METROPOLITAN DISTRICT
ENTERPRISE FUND –
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES) (BUDGETARY BASIS)	\$ 244,948
Add:	
Current Year Capital Outlay	754,753
Deduct:	
Developer Advance	(754,753)
Depreciation	(338,302)
Interest Expense	<u>(710,290)</u>
CHANGE IN NET POSITION	(803,644)
Total Net Position - Beginning of Year	<u>(1,615,723)</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ (2,419,367)</u></u>

OTHER INFORMATION

**OLD RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

\$7,680,000 Limited Tax Special
Revenue Refunding Bond
Series 2022
Dated April 28, 2022
Interest Rate 5.75%
Principal Due December 1
Interest Payable December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,000	\$ 441,600	\$ 471,600
2025	35,000	439,875	474,875
2026	65,000	437,863	502,863
2027	70,000	434,125	504,125
2028	100,000	430,100	530,100
2029	105,000	424,350	529,350
2030	145,000	418,313	563,313
2031	155,000	409,975	564,975
2032	195,000	401,063	596,063
2033	210,000	389,850	599,850
2034	255,000	377,775	632,775
2035	270,000	363,113	633,113
2036	325,000	347,588	672,588
2037	340,000	328,900	668,900
2038	400,000	309,350	709,350
2039	425,000	286,350	711,350
2040	490,000	261,913	751,913
2041	520,000	233,738	753,738
2042	595,000	203,838	798,838
2043	630,000	169,625	799,625
2044	715,000	133,400	848,400
2045	755,000	92,288	847,288
2046	850,000	48,875	898,875
Total	<u>\$ 7,680,000</u>	<u>\$ 7,383,867</u>	<u>\$ 15,063,863</u>