

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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

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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, 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 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, 2023, 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

Wipfli LLP
Denver, Colorado

July 19, 2024

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and Investments	\$ 7,797
Cash and Investments - Restricted	13,713
Prepaid Insurance	2,671
Receivable from County Treasurer	38
Property Tax Receivable	356,015
Total Assets	380,234
LIABILITIES	
Accounts Payable	13,108
Accrued Interest	19,711
Noncurrent Liabilities:	
Due Within One Year	17,500
Due in More Than One Year	5,780,005
Total Liabilities	5,830,324
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	356,015
Total Deferred Inflows of Resources	356,015
NET POSITION	
Restricted for:	
Emergency Reserve	1,200
Net Position - Unrestricted	(5,807,305)
Total Net Position	\$ (5,806,105)

See accompanying Notes to Basic Financial Statements.

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

	Program Revenues			Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 65,786	\$ -	\$ -	-	\$ (65,786)
Interest on Long-Term Debt and Related Costs	681,443	-	-	-	(681,443)
Total Governmental Activities	\$ 747,229	\$ -	\$ -	-	(747,229)
GENERAL REVENUES					
Property Taxes					275,961
Specific Ownership Taxes					12,731
Net Investment Income					7,954
Total General Revenues and Transfers					296,646
CHANGES IN NET POSITION					
Net Position - Beginning of Year					(5,355,522)
NET POSITION - END OF YEAR					
					\$ (5,806,105)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 7,797	\$ -	\$ 7,797
Cash and Investments - Restricted	1,200	12,513	13,713
Receivable from County Treasurer	5	33	38
Prepaid Insurance	2,671	-	2,671
Property Tax Receivable	90,898	265,117	356,015
Total Assets	\$ 102,571	\$ 277,663	380,234
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 13,108	\$ -	13,108
Total Liabilities	13,108	-	13,108
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	90,898	265,117	356,015
Total Deferred Inflows of Resources	90,898	265,117	356,015
FUND BALANCES			
Nonspendable:			
Prepaid Expense	2,671	-	2,671
Restricted for:			
Emergency Reserves	1,200	-	1,200
Debt Service	-	12,546	12,546
Unassigned	(5,306)	-	(5,306)
Total Fund Balances (Deficits)	(1,435)	12,546	11,111
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 102,571	\$ 277,663	

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

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

Loans Payable	(4,230,000)
Accrued Interest	(19,711)
Developer Advance Payable	(1,171,117)
Accrued Developer Advance Interest	(396,388)

Net Position of Governmental Activities	\$ (5,806,105)
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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, 2023**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 36,262	\$ 239,699	\$ 275,961
Specific Ownership Taxes	1,672	11,058	12,730
Net Investment Income	30	7,924	7,954
Total Revenues	<u>37,964</u>	<u>258,681</u>	<u>296,645</u>
EXPENDITURES			
Current:			
Accounting	32,563	-	32,563
Auditing	5,000	-	5,000
County Treasurer's Fee	545	3,601	4,146
Dues and Membership	289	-	289
Insurance	2,571	-	2,571
Legal	21,216	-	21,216
Debt Service:			
Bond Interest	-	442,361	442,361
Loan Interest	-	140,883	140,883
Bond Principal	-	4,000,000	4,000,000
Costs of Issuance	-	190,000	190,000
Paying Agent Fees	-	833	833
Total Expenditures	<u>62,184</u>	<u>4,777,678</u>	<u>4,839,862</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(24,220)	(4,518,997)	(4,543,217)
OTHER FINANCING SOURCES (USES)			
Developer Advance	25,000	-	25,000
Loan Issuance Proceeds	-	4,230,000	4,230,000
Total Other Financing Sources	<u>25,000</u>	<u>4,230,000</u>	<u>4,255,000</u>
NET CHANGES IN FUND BALANCES	780	(288,997)	(288,217)
Fund Balances (deficits) - Beginning of Year	<u>(2,215)</u>	<u>301,543</u>	<u>299,328</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (1,435)</u>	<u>\$ 12,546</u>	<u>\$ 11,111</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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (288,217)

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

Loan Issuance	(4,230,000)
Bond Principal	4,000,000
Developer Advance	(25,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

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 - Change in Liability	205,801
Accrued Interest Payable Developer Advance - Change in Liability	<u>(113,167)</u>

Changes in Net Position of Governmental Activities \$ (450,583)

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

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 36,419	\$ 36,262	\$ 36,262	\$ -
Specific Ownership Taxes	1,457	1,672	1,672	-
Net Investment Income	5	30	30	-
Total Revenues	<u>37,881</u>	<u>37,964</u>	<u>37,964</u>	<u>-</u>
EXPENDITURES				
Accounting	24,000	32,563	32,563	-
Auditing	4,800	5,000	5,000	-
Contingency	334	-	-	-
County Treasurer's Fee	546	545	545	-
Dues and Membership	320	289	289	-
Insurance	3,000	2,571	2,571	-
Legal	10,000	21,216	21,216	-
Total Expenditures	<u>43,000</u>	<u>62,184</u>	<u>62,184</u>	<u>-</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(5,119)	(24,220)	(24,220)	-
OTHER FINANCING SOURCES (USES)				
Developer Advance	5,119	25,000	25,000	-
Total Other Financing Sources	<u>5,119</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	-	780	780	-
Fund Balance (deficit) - Beginning of Year	<u>1,200</u>	<u>1,200</u>	<u>(2,215)</u>	<u>(3,415)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 1,200</u>	<u>\$ 1,980</u>	<u>\$ (1,435)</u>	<u>\$ (3,415)</u>

See accompanying Notes to Basic Financial Statements.

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

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, 2023**

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.

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, 2023**

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, 2023.

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, 2023**

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. On December 31, 2023, the District had a Nonspendable Fund balance of \$2,671.

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. On December 31, 2023, the District had a Restricted Fund balance of \$1,200 for Emergency Reserve and \$12,546 for Debt Service.

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, 2023**

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, 2023. The deficit will be eliminated with the receipt of 2024 revenues.

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	\$ 7,797
Cash and Investments - Restricted	13,713
Total Cash and Investments	\$ 21,510

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

Deposits with Financial Institutions	\$ 10,884
Investments	10,626
Total Cash and Investments	\$ 21,510

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

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.

On December 31, 2023, the District's cash deposits had a bank balance and carrying balance of \$10,884.

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, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Fidelity Investments Money Market Funds	Weighted-Average	
Government Portfolio Class III FCGXX	Under 60 Days	\$ 10,626
		<u>\$ 10,626</u>

Fidelity Investments Money Market Funds

The District, invested in the Fidelity Investments Money Market Fund (Fidelity), in a Government Portfolio Class III through their custodian Zion Bancorporation, N.A.

Fidelity normally invests at least 99.5% of total assets in cash, U.S. Government securities and/or repurchase agreements that are collateralized fully (i.e., collateralized by cash or government securities), in U.S. Government securities issued by entities that are chartered or sponsored by Congress but whose securities are neither issued nor guaranteed by the U.S. Treasury. Fidelity invests in compliance with industry standard regulatory requirements for money market funds for the quality, maturity, liquidity, and diversification of investments. In addition, Fidelity normally invests at least 80% of its assets in U.S. Government securities and repurchase agreements for those securities.

The price to buy one share is its net asset value per share (NAV). The price to sell one share is its NAV. Class III has a minimum initial investment of \$1,000,000, which may be waived if the aggregate balance in the Fidelity Investments Money Market Funds is greater than \$10 million. The fund may waive or lower purchase minimums in other circumstances.

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

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, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable					
Limited Tax G.O. Refunding Bonds Series 2018A	\$ 3,300,000	\$ -	\$ 3,300,000	\$ -	\$ -
Limited Tax G.O. Refunding Bonds Series 2018B	445,000	-	445,000	-	-
Limited Tax G.O. Subordinate Bonds Series 2022C	255,000	-	255,000	-	-
Accrued Interest on:					
Accrued Interest - Series 2018B	192,168	4,860	197,028	-	-
Accrued Interest - Series 2022C	17,532	7,836	25,368	-	-
Subtotal Bonds Payable	4,209,700	12,696	4,222,396	-	-
Loans Payable from Direct Borrowings and Direct Placements					
Limited Tax G.O. Refunding Loan Series 2023	-	4,230,000	-	4,230,000	17,500
Subtotal Notes/Loans/Bonds from Direct Borrowings and Direct Placements	-	4,230,000	-	4,230,000	17,500
Other Debts					
Developer Advance - Price Partners	70,458	-	-	70,458	-
Developer Advance - HT Flatiron	1,075,659	25,000	-	1,100,659	-
Accrued Interest on:					
Developer Advance - Price Partners	49,497	4,932	-	54,429	-
Developer Advance - HT Flatiron	233,724	108,235	-	341,959	-
Subtotal Other Debts	1,429,338	138,167	-	1,567,505	-
 Total Long-Term Obligations	 <u>\$ 5,639,038</u>	 <u>\$ 4,380,863</u>	 <u>\$ 4,222,396</u>	 <u>\$ 5,797,505</u>	 <u>\$ 17,500</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 original par amounts of \$3,300,000 and \$445,000, respectively. The Senior Bonds bore an interest of 5.75% per annum and the Subordinate Bonds bore an interest rate of 7.875% per annum. All of the 2018 Bonds were redeemed through the issuance of the 2023 Loan.

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

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 original par amount of \$255,000. The 2022 Bonds bore a variable interest rate of the 30 Year MMD plus 5.35%, resetting quarterly and with the provision of the maximum effective interest rate authorized of 18%. The 2022 Bonds were redeemed through the issuance of the 2023 Loan.

\$4,230,000 Limited Tax General Obligation Refunding Loan, Series 2023, dated April 27, 2023

On April 27, 2023, the District entered into a loan agreement with Zions Bancorporation, N.A. DBA Vectra Bank Colorado (the Lender), in the amount of \$4,230,000. The 2023 Loan proceeds were used to refund the Series 2018A, Series 2018B and Series 2022C Bonds and pay for the Loan issuance costs.

The 2023 Loan bears interest at the rate of 5.50% until any portion of the 2023 Loan is reissued as Tax-Exempt with the opinion of Bond Counsel. If any portion of the 2023 Loan is reissued as Tax-Exempt, the interest rate will be 4.60% through December 1, 2033, and thereafter the rate of the U.S. 10 Year Treasury Note plus 2.00%, with a minimum of 4.75%, to be reset every 10 years. Interest is payable semi-annually on June 1 and December 1, beginning on December 1, 2023. Annual mandatory sinking fund principal payments are due December 1, beginning on December 1, 2024. The 2023 Loan matures on December 1, 2053.

The 2023 Loan is secured by (a) the Refunded Bonds' Pledged Revenues; (b) the Required Mill Levy; (c) the portion of the Specific Ownership Taxes allocable to the amount of the Required Mill Levy; and (d) any other legal available money which the Board determines in its sole discretion to apply as Pledged Revenue.

Refunded Bonds' Pledged Revenues means the revenue amounts (a) held by the District prior to closing and not deposited into the Escrow Account, if any; and (b) to be collected after the date of issuance by the District in calendar year 2023.

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 annual debt requirements for the next fiscal year. The maximum Required Mill Levy is 50 mills less the amount of the Operations Mill Levy, adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement on or after January 1, 2010.

Operations Mill Levy means the number of mills necessary to pay or reimburse advances that were used to pay the District's operations and maintenance expenses, but not less than \$45,000 for the collection year 2024, increasing 1% annually.

Optional Prepayment

The 2023 Loan is subject to optional prepayment prior to maturity, with a Prepayment Fee of 3% of the principal amount, provided that there will not be a fee if the Loan is paid from excess annual revenues resulting from the District's imposition of its debt service mill levy.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$4,230,000 Limited Tax General Obligation Refunding Loan, Series 2023, dated April 27, 2023 (continued)

Events of Default

Events of default occur if the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the 2023 Loan Agreement and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the 2023 Loan Agreement.

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

Year Ending December 31,	Bonded Debt		Total
	Principal	Interest	
2024	\$ 17,500	\$ 236,528	\$ 254,028
2025	30,000	234,905	264,905
2026	50,000	233,232	283,232
2027	52,500	230,444	282,944
2028	57,500	228,140	285,640
2029-2033	362,500	1,084,911	1,447,411
2034-2038	545,000	964,408	1,509,408
2039-2043	747,500	790,770	1,538,270
2044-2048	1,015,000	554,060	1,569,060
2049-2053	1,352,500	234,716	1,587,216
Total	<u>\$ 4,230,000</u>	<u>\$ 4,792,114</u>	<u>\$ 9,022,114</u>

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, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 2, 2010	Authorization Used			Authorized But Unused
		Series 2018 Bonds	Series 2022 Bonds	Series 2023 Loan	
Water Supply	\$ 1,000,000	\$ 589,764	\$ 33,660	\$ -	\$ 376,576
Sanitation/Storm Water	1,250,000	737,204	93,840	-	418,956
Street Improvements	2,600,000	1,533,386	119,850	-	946,764
Park 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	-	-	4,230,000	2,620,000
Intergov Agreements	6,850,000	-	-	-	6,850,000
Total	<u>\$ 20,550,000</u>	<u>\$ 3,745,000</u>	<u>\$ 255,000</u>	<u>\$ 4,230,000</u>	<u>\$ 12,320,000</u>

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

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

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, 2023 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 1,200
Total Restricted Net Position	\$ 1,200

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

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, 2023 outstanding advances under the agreement total \$70,458 and accrued interest totaled \$54,429.

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 7.50% on January 1, 2023 and 8.25% on July 1, 2023. As of December 31, 2023 outstanding advances under the agreement total \$1,100,659 and accrued interest totaled \$341,959.

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, 2023**

NOTE 7 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 8 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.

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 December 31, 2023, 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.

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, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 240,687	\$ 240,687	\$ 239,699	\$ (988)
Specific Ownership Taxes	9,850	10,704	11,058	354
Net Investment Income	6,705	7,066	7,924	858
Total Revenues	<u>257,242</u>	<u>258,457</u>	<u>258,681</u>	<u>224</u>
EXPENDITURES				
County Treasurer's Fee	3,694	3,694	3,601	93
Paying Agent Fees	10,000	833	833	-
Bond Interest	189,750	442,361	442,361	-
Loan Interest	-	140,883	140,883	-
Bond Principal	15,000	4,000,000	4,000,000	-
Costs of Issuance	-	190,000	190,000	-
Contingency	556	12,229	-	12,229
Total Expenditures	<u>219,000</u>	<u>4,790,000</u>	<u>4,777,678</u>	<u>12,322</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	38,242	(4,531,543)	(4,518,997)	12,546
OTHER FINANCING SOURCES (USES)				
Loan Issuance Proceeds	-	4,230,000	4,230,000	-
Total Other Financing Sources	<u>-</u>	<u>4,230,000</u>	<u>4,230,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	38,242	(301,543)	(288,997)	12,546
Fund Balance - Beginning of Year	<u>300,000</u>	<u>301,543</u>	<u>301,543</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 338,242</u>	<u>\$ -</u>	<u>\$ 12,546</u>	<u>\$ 12,546</u>

OTHER INFORMATION – UNAUDITED

**REX RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Total	Levied	Collected	
2019	\$ 27,850	0.000	55.277	55.277	\$ 1,539	\$ 1,539	100.00 %
2020	1,425,163	24.804	30.859	55.663	79,329	79,272	99.93 %
2021	1,857,702	19.218	36.445	55.663	103,405	103,405	100.00 %
2022	3,979,818	8.975	46.688	55.663	221,529	221,537	100.00 %
2023	4,936,160	7.378	48.760	56.138	277,106	275,961	99.59 %
Estimated for Year Ending December 31, 2024	\$ 7,148,325	12.716	37.088	49.804	\$ 356,015		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: Boulder County Assessor and Treasurer.

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

Year Ending December 31,	\$4,230,000 General Obligation (Limited Tax) Refunding Loan, Series 2023 Interest Rate 5.50% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2024	\$ 17,500	\$ 236,528	\$ 254,028
2025	30,000	234,905	264,905
2026	50,000	233,232	283,232
2027	52,500	230,444	282,944
2028	57,500	228,140	285,640
2029	60,000	224,310	284,310
2030	67,500	220,964	288,464
2031	72,500	217,200	289,700
2032	80,000	213,741	293,741
2033	82,500	208,696	291,196
2034	95,000	204,096	299,096
2035	100,000	198,798	298,798
2036	110,000	193,751	303,751
2037	115,000	187,088	302,088
2038	125,000	180,675	305,675
2039	130,000	173,705	303,705
2040	142,500	166,911	309,411
2041	147,500	158,509	306,009
2042	160,000	150,284	310,284
2043	167,500	141,361	308,861
2044	180,000	132,383	312,383
2045	190,000	121,984	311,984
2046	205,000	111,388	316,388
2047	212,500	99,957	312,457
2048	227,500	88,348	315,848
2049	240,000	75,421	315,421
2050	257,500	62,037	319,537
2051	267,500	47,678	315,178
2052	287,500	32,851	320,351
2053	300,000	16,729	316,729
Total	\$ 4,230,000	\$ 4,792,114	\$ 9,022,114