

**CONSOLIDATED ANNUAL INFORMATION REPORT
FOR THE YEAR 2023
RRC METROPOLITAN DISTRICT NOS. 1, 2, 4, 5 AND 6**

As required by Section 32-1-207(3)(c), C.R.S., and Section VII of the Consolidated Amended and Restated Service Plan for RRC Metropolitan District Nos. 1 and 2 and Service Plan for RRC Metropolitan District Nos. 4-6 (individually “**RRC No. 1**,” “**RRC No. 2**,” “**RRC No. 4**,” “**RRC No. 5**,” “**RRC No. 6**,” and collectively, the “**Districts**”), approved by the Jefferson County Board of County Commissioners on August 23, 2022, the following report of the Districts’ activities from January 1, 2023 to December 31, 2023 is hereby submitted:

1. Boundary changes made or proposed to the Districts’ boundary as of December 31 of the prior year.

- a. RRC No. 2 excluded three (3) parcels totaling 0.741 acres, effective August 23, 2023. These parcels were included into RRC MD Nos. 4, 5 and 6 as noted below.
- b. RRC No. 4 included 0.235 acres, effective August 2, 2023.
- c. RRC No. 5 included 0.236 acres, effective August 2, 2023, and excluded 3.683 acres, effective August 22, 2023.
- d. RRC No. 6 included 0.270 acres, effective August 2, 2023, and excluded 11.273 acres, effective August 22, 2023.

2. Intergovernmental Agreements with other governmental entities, either entered into, proposed, or terminated as of December 31 of the prior year. The Districts are party to the following intergovernmental agreements:

- a. *RRC Nos. 1 and 2*: Intergovernmental Agreement Regarding Debt Allocation, dated February 4, 2020 (along with RRC Metropolitan District No. 3).
- b. *RRC Nos. 1 and 2*: Memorandum of Understanding, dated December 7, 2020.
- c. *RRC Nos. 1 and 2*: Capital Pledge Agreement, dated December 17, 2021.
- d. *RRC Nos. 1, 2, 4, 5 and 6*: RRC Authority Establishment Agreement, dated April 6, 2023.

3. Copies of the Districts’ rules and regulations, if any, as of December 31 of the prior year, and access information to obtain. As of December 31, 2023, none of the Districts have adopted any rules and regulations. Should any rules and regulations be adopted, they would be available as follows: contact McGeady Becher P.C., 450 E. 17th Ave., Suite 400, Denver, CO 80203-1254. Phone: 303-592-4380. Email: info@specialdistrictlaw.com.

4. A summary of any litigation which involves the Public Improvements as of December 31 of the prior year. There was no litigation involving any of the Districts’ Public Improvements during 2023.

5. **Status of the Districts' construction of the Public Improvements as of December 31 of the prior year.** See the following status for each filing within the Districts (Red Rocks Ranch Filings 2, 3A, 3B and 4):

- a. *Filing 2 – All infrastructure is completed (earthwork, sanitary sewer, waterlines, storm sewer, concreted curb and gutter, and asphalt. The process for acceptance of the improvements by Jefferson County is in progress, and is anticipated to be completed by the end of 2024.*
 - i. *Within Filing 2, design work was completed during 2023 on a community park located in Tract H, Filing 2, to consist of a splash pad building, playground, hillside slide, parking lot and turf soccer field. The park and the splash pad are being constructed by the RRC Authority, with work commencing in 2024.*
- b. *Filing 3A & 3B – Earthwork started in 2023. The public improvements (excluding landscaping) were completed in 2024. The landscaping will be completed in either fall of 2024 or in spring of 2025.*
- c. *Filing 4 – Plans have been approved by Jefferson County. Earthwork has started in 2024 and should be completed by the end of 2024. Construction of the wet utilities and channel improvements should commence in the fall of 2024, with concrete and asphalt work commencing in the spring of 2025.*

6. **A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the County or other governmental entity as of December 31 of the prior year.** See response to Item 5 above.

7. **The final assessed valuation of the Districts for the current year.**

- a. *RRC No. 1: \$11,205,108*
- b. *RRC No. 2: \$12,143,222*
- c. *RRC No. 4: \$421,984*
- d. *RRC No. 5: \$-0-*
- e. *RRC No. 6: \$1,204,603*

8. **Current year budget, including a description of the Public Improvements to be constructed in such year.** The 2024 adopted budgets for each of the Districts are attached hereto under the heading “**Exhibit A.**” See response to Item 5 above for information about Public Improvements to be constructed in 2024.

9. **Audit of the Districts' (and any entity formed by one or more of the Districts) financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.**

- a. *RRC No. 1:* The 2023 Audit is not yet completed, and a request for extension of time to September 30, 2024, to file the 2023 Audit has been filed with the State Auditor, and the final 2023 Audit will be provided when available.

The 2022 Audit was not available at the time RRC No. 1's 2022 Annual Report was filed, but has now been completed. A copy of the 2022 Audit is attached hereto under the heading "**Exhibit B.**"

- b. *RRC No. 2:* The 2023 Audit is not yet completed, and a request for extension of time to September 30, 2024, to file the 2023 Audit has been filed with the State Auditor, and the final 2023 Audit will be provided when available.

The 2022 Audit was not available at the time RRC No. 1's 2022 Annual Report was filed, but has now been completed. A copy of the 2022 Audit is attached hereto under the heading "**Exhibit B.**"

- c. *RRC No. 4:* A copy of the RRC No. 4 Application for Exemption from Audit for 2023 is attached hereto under the heading "**Exhibit C.**"
- d. *RRC No. 5:* A copy of the RRC No. 5 Application for Exemption from Audit for 2023 is attached hereto under the heading "**Exhibit C.**"
- e. *RRC No. 6:* A copy of the RRC No. 6 Application for Exemption from Audit for 2023 is attached hereto under the heading "**Exhibit C.**"

10. **Notice of any uncured events of default by any of the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.** To our knowledge, there are no uncured events of default by any of the Districts which continue beyond a ninety (90) day period.

11. **Any inability of a District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.** To our knowledge, the Districts have been able to pay their obligations as they become due.

EXHIBIT A
2024 Budgets

RESOLUTION NO. 2023-12-03

RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY

**RESOLUTION OF THE BOARD OF DIRECTORS OF
RRC METROPOLITAN DISTRICT NO. 1, JEFFERSON COUNTY, COLORADO,
PURSUANT TO SECTION 29-1-108, C.R.S., SUMMARIZING EXPENDITURES AND
REVENUES FOR EACH FUND, ADOPTING A BUDGET AND APPROPRIATING
SUMS OF MONEY FOR THE BUDGET YEAR 2024**

A. The Board of Directors of the RRC Metropolitan District No. 1 (the “**District**”) has appointed Simmons & Wheeler, P.C. to prepare and submit a proposed budget to said governing body at the proper time.

B. Simmons & Wheeler, P.C. has submitted a proposed budget to this governing body by October 15, 2023 for its consideration.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed December 13, 2023, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

D. The budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District.

E. Whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RRC METROPOLITAN DISTRICT NO. 1, JEFFERSON COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. The sums set forth as the total expenditures of each fund in the budget attached hereto as **Exhibit A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

RESOLUTION APPROVED AND ADOPTED on December 13, 2023.

RRC METROPOLITAN DISTRICT NO. 1

By: Kent Pedraza
President

Attest:

By: Debra Hessler
Secretary

EXHIBIT A

Budget

RRC METROPOLITAN DISTRICT NO. 1
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 budget for the RRC Metropolitan District No. 1.

The RRC Metropolitan District No. 1 has adopted budgets for two funds, a General Fund to provide for general operating expenditures; and a Debt Service Fund to provide for transfers to RRC Metropolitan District No. 2 for payments on the outstanding general obligation bonds.

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications, and public hearing.

The primary source of revenue for the district in 2024 will be tax revenues. The district intends to impose a 62.478 mill levy on property within the district for 2024, of which 3.000 mills are dedicated to the General Fund and the balance of 59.478 mills will be allocated to the Debt Service Fund.

RRC Metropolitan District No. 1
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	613	7,837	6,948	7,837	33,616
Specific ownership taxes	47	626	237	500	2,687
Transfer from District 2	-	25,628	-	-	-
Developer advances	100,188	44,406	101,585	101,585	-
Interest income	-	-	1	1	-
Total revenues	<u>100,848</u>	<u>78,497</u>	<u>108,771</u>	<u>109,923</u>	<u>36,303</u>
Total funds available	<u>100,848</u>	<u>78,497</u>	<u>108,771</u>	<u>109,923</u>	<u>36,303</u>
Expenditures:					
Accounting / audit	20,679	20,000	15,252	15,252	-
Insurance/SDA dues	6,967	3,500	6,586	6,586	-
Election expense	2,797	10,000	2,383	2,386	-
Legal	69,589	30,000	49,032	49,032	-
Miscellaneous	807	500	15	15	-
Transfer to Authority	-	-	-	36,534	35,799
Treasurer fees	9	118	104	118	504
Contingency	-	12,879	-	-	-
Emergency reserve (3%)	-	1,500	-	-	-
Total expenditures	<u>100,848</u>	<u>78,497</u>	<u>73,372</u>	<u>109,923</u>	<u>36,303</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,399</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 2,612,219</u>			<u>\$ 11,205,108</u>
Mill Levy		<u>3.000</u>			<u>3.000</u>

RRC Metropolitan District No. 1
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 12,209	\$ -	\$ -	\$ -	\$ -
Revenues:					
Transfer from D2	21,441,577	22,658,568	14,823,552	14,823,552	-
Developer advances	-	-	-	-	-
Total revenues	<u>21,441,577</u>	<u>22,658,568</u>	<u>14,823,552</u>	<u>14,823,552</u>	-
Total funds available	<u>21,453,786</u>	<u>22,658,568</u>	<u>14,823,552</u>	<u>14,823,552</u>	-
Expenditures:					
Engineering	39,295	-	-	-	-
Capital expenditures	20,464,088	22,658,568	14,823,552	14,823,552	-
Repay developer advances	<u>883,199</u>	-	-	-	-
Repay developer advances - inte	67,204	-	-	-	-
Transfer to Debt Service	-	-	-	-	-
Total expenditures	<u>21,453,786</u>	<u>22,658,568</u>	<u>14,823,552</u>	<u>14,823,552</u>	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RRC Metropolitan District No. 1
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	11,366	145,853	129,318	145,853	666,457
Specific ownership taxes	872	11,668	4,404	8,800	53,317
Interest income	-	992	5	10	992
Total revenues	<u>12,238</u>	<u>158,513</u>	<u>133,727</u>	<u>154,663</u>	<u>720,766</u>
Total funds available	<u>12,238</u>	<u>158,513</u>	<u>133,727</u>	<u>154,663</u>	<u>720,766</u>
Expenditures:					
Transfer to District No. 2	12,067	156,325	131,787	152,475	710,769
Treasurer's fees	171	2,188	1,940	2,188	9,997
Total expenditures	<u>12,238</u>	<u>158,513</u>	<u>133,727</u>	<u>154,663</u>	<u>720,766</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 2,612,219</u>			<u>\$ 11,205,108</u>
Mill Levy		<u>55.835</u>			<u>59.478</u>
Total Mill Levy		<u>58.835</u>			<u>62.478</u>

I, Debra Hessler, hereby certify that I am the duly appointed Secretary of the RRC Metropolitan District No. 1, and that the foregoing is a true and correct copy of the budget for the budget year 2024, duly adopted at a meeting of the Board of Directors of the RRC Metropolitan District No. 1 held on December 13, 2023.

Debra Hessler

Secretary

RESOLUTION NO. 2023-12-04

RESOLUTION TO SET MILL LEVIES

**RESOLUTION OF THE RRC METROPOLITAN DISTRICT NO. 1 LEVYING
GENERAL PROPERTY TAXES, PURSUANT TO SECTION 39-1-111, C.R.S., FOR THE
YEAR 2023, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE 2024
BUDGET YEAR**

A. The Board of Directors of the RRC Metropolitan District No. 1 (the “**District**”) has adopted an annual budget in accordance with the Local Government Budget Law, on December 13, 2023.

B. The adopted budget is attached as Exhibit A to the Resolution of the Board of Directors of the District to Adopt Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference.

C. The amount of money necessary to balance the budget for general operating expenses from property tax revenue is identified in the budget.

D. The amount of money necessary to balance the budget for debt retirement expenses from property tax revenue is identified in the budget.

NOW, THEREFORE, PURSUANT TO SECTIONS 39-1-111(5) and 39-5-128(1), C.R.S., BE IT RESOLVED by the Board of Directors of the RRC Metropolitan District No. 1, Jefferson County, Colorado, that:

1. For the purpose of meeting all general operating expenses of the District during the 2024 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purpose of meeting all debt retirement expenses of the District during the 2024 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That for the purpose of meeting all contractual obligation expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

4. That the Secretary is hereby authorized and directed to immediately certify to the Board of County Commissioners of Jefferson County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies, attached hereto as **Exhibit 1** and incorporated herein by reference, recalculated as needed upon receipt of the final certification of

valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

RESOLUTION APPROVED AND ADOPTED on December 13, 2023.

RRC METROPOLITAN DISTRICT NO. 1

By: *Kent Ped*
President

Attest:

By: *Debra Hessler*
Secretary

EXHIBIT 1

Certification of Tax Levies

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____
2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: Transfer to District #2 to cover debt service payment
Title: Capital Pledge Agreement
Date: Proposed
Principal Amount: N/A
Maturity Date: N/A
Levy: 59.478
Revenue: \$666,457
4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

I, Debra Hessler, hereby certify that I am the duly appointed Secretary of the RRC Metropolitan District No. 1, and that the foregoing is a true and correct copy of the Certification of Tax Levies for the budget year 2024, duly adopted at a meeting of the Board of Directors of the RRC Metropolitan District No. 1 held on December 13, 2023.

Debra Hessler

Secretary

RESOLUTION NO. 2023-12-02

RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY

**RESOLUTION OF THE BOARD OF DIRECTORS OF
RRC METROPOLITAN DISTRICT NO. 2, JEFFERSON COUNTY, COLORADO,
PURSUANT TO SECTION 29-1-108, C.R.S., SUMMARIZING EXPENDITURES AND
REVENUES FOR EACH FUND, ADOPTING A BUDGET AND APPROPRIATING
SUMS OF MONEY FOR THE BUDGET YEAR 2024**

A. The Board of Directors of the RRC Metropolitan District No. 2 (the “**District**”) has appointed Simmons & Wheeler, P.C. to prepare and submit a proposed budget to said governing body at the proper time.

B. Simmons & Wheeler, P.C. has submitted a proposed budget to this governing body by October 15, 2023 for its consideration.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed December 13, 2023, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

D. The budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District.

E. Whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RRC METROPOLITAN DISTRICT NO. 2, JEFFERSON COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. The sums set forth as the total expenditures of each fund in the budget attached hereto as **Exhibit A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

RESOLUTION APPROVED AND ADOPTED on December 13, 2023.

RRC METROPOLITAN DISTRICT NO. 2

By: 
President

Attest:

By: 
Secretary

EXHIBIT A

Budget

RRC METROPOLITAN DISTRICT NO. 2
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 budget for the RRC Metropolitan District No. 2.

The RRC Metropolitan District No. 2 has adopted budgets for three funds, a General Fund to provide for general operating expenditures; a Capital Projects Fund to provide for capital improvements to be built for the benefit of the district; and a Debt Service Fund to provide for payments on the general obligation bonds to be issued by the district.

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications, and public hearing.

The primary source of revenue for the district in 2024 will be property taxes and transfers from RRC Metropolitan District No. 1. The district intends to impose a 60.872 mill levy on property within the district for 2024, of which 3.000 mills are dedicated to the General Fund and the balance of 57.872 mills will be allocated to the Debt Service Fund.

RRC Metropolitan District No. 2
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 3	\$ -	\$ 677	\$ 677	\$ 677
Revenues:					
Property taxes	635	31,871	21,243	31,871	36,429
Specific ownership taxes	49	4,235	959	1,900	4,600
Interest income	-	-	5	-	-
Total revenues	<u>684</u>	<u>36,106</u>	<u>22,207</u>	<u>33,771</u>	<u>41,029</u>
Total funds available	<u>687</u>	<u>36,106</u>	<u>22,884</u>	<u>34,448</u>	<u>41,706</u>
Expenditures:					
Insurance/SDA dues	-	3,500	-	-	-
Treasurer fees	10	478	319	478	546
Transfer to Authority	-	25,628		33,293	41,160
Contingency	-	5,000	-	-	-
Emergency reserve (3%)	-	1,500	-	-	-
Total expenditures	<u>10</u>	<u>36,106</u>	<u>319</u>	<u>33,771</u>	<u>41,706</u>
Ending fund balance	<u>\$ 677</u>	<u>\$ -</u>	<u>\$ 22,565</u>	<u>\$ 677</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 10,623,717</u>			<u>\$ 12,143,222</u>
Mill Levy		<u>3.000</u>			<u>3.000</u>

RRC Metropolitan District No. 2
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ <u>43,870,374</u>	\$ <u>22,558,568</u>	\$ <u>22,815,155</u>	\$ <u>22,815,155</u>	\$ <u>8,341,603</u>
Revenues:					
Interest income	<u>386,358</u>	<u>100,000</u>	<u>238,327</u>	<u>350,000</u>	<u>100,000</u>
Total revenues	<u>386,358</u>	<u>100,000</u>	<u>238,327</u>	<u>350,000</u>	<u>100,000</u>
Total funds available	<u>44,256,732</u>	<u>22,658,568</u>	<u>23,053,482</u>	<u>23,165,155</u>	<u>8,441,603</u>
Expenditures:					
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to District 1/Authority	<u>21,441,577</u>	<u>22,658,568</u>	<u>14,823,552</u>	<u>14,823,552</u>	<u>8,441,603</u>
Total expenditures	<u>21,441,577</u>	<u>22,658,568</u>	<u>14,823,552</u>	<u>14,823,552</u>	<u>8,441,603</u>
Ending fund balance	<u>\$ 22,815,155</u>	<u>\$ -</u>	<u>\$ 8,229,930</u>	<u>\$ 8,341,603</u>	<u>\$ -</u>

RRC Metropolitan District No. 2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ -	\$ -	\$ 427	\$ 427	\$ 4,484
Revenues:					
Property taxes	11,783	591,359	395,362	395,362	702,753
Specific ownership taxes	904	47,309	17,857	35,000	56,220
Transfer from District 1	12,067	156,325	131,787	152,475	710,769
Interest income	<u>20</u>	<u>50,283</u>	<u>85</u>	<u>150</u>	<u>55,000</u>
Total revenues	<u>24,774</u>	<u>845,276</u>	<u>545,091</u>	<u>582,987</u>	<u>1,524,742</u>
Total funds available	<u>24,774</u>	<u>845,276</u>	<u>545,518</u>	<u>583,414</u>	<u>1,529,226</u>
Expenditures:					
Bond interest expense	24,170	836,406	-	565,000	1,500,000
Treasurer's fees	177	8,870	5,932	5,930	10,541
Trustee / paying agent fees	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>8,000</u>	<u>8,000</u>
Total expenditures	<u>24,347</u>	<u>845,276</u>	<u>9,932</u>	<u>578,930</u>	<u>1,518,541</u>
Ending fund balance	<u>\$ 427</u>	<u>\$ -</u>	<u>\$ 535,586</u>	<u>\$ 4,484</u>	<u>\$ 10,685</u>
Assessed valuation		<u>\$ 10,623,717</u>			<u>\$ 12,143,222</u>
Assessed valuation Ex 23					<u>\$ -</u>
Total					<u>\$ 12,143,222</u>
Mill Levy		<u>55.664</u>			<u>57.872</u>
Total Mill Levy		<u>58.664</u>			<u>60.872</u>

I, Debra Hessler, hereby certify that I am the duly appointed Secretary of the RRC Metropolitan District No. 2, and that the foregoing is a true and correct copy of the budget for the budget year 2024, duly adopted at a meeting of the Board of Directors of the RRC Metropolitan District No. 2 held on December 13, 2023.

Debra Hessler

Secretary

RESOLUTION NO. 2023-12-03

RESOLUTION TO SET MILL LEVIES

**RESOLUTION OF THE RRC METROPOLITAN DISTRICT NO. 2 LEVYING
GENERAL PROPERTY TAXES, PURSUANT TO SECTION 39-1-111, C.R.S., FOR THE
YEAR 2023, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE 2024
BUDGET YEAR**

A. The Board of Directors of the RRC Metropolitan District No. 2 (the “**District**”) has adopted an annual budget in accordance with the Local Government Budget Law, on December 13, 2023.

B. The adopted budget is attached as Exhibit A to the Resolution of the Board of Directors of the District to Adopt Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference.

C. The amount of money necessary to balance the budget for general operating expenses from property tax revenue is identified in the budget.

D. The amount of money necessary to balance the budget for debt retirement expenses from property tax revenue is identified in the budget.

NOW, THEREFORE, PURSUANT TO SECTIONS 39-1-111(5) and 39-5-128(1), C.R.S., BE IT RESOLVED by the Board of Directors of the RRC Metropolitan District No. 2, Jefferson County, Colorado, that:

1. For the purpose of meeting all general operating expenses of the District during the 2024 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purpose of meeting all debt retirement expenses of the District during the 2024 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That for the purpose of meeting all contractual obligation expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

4. That the Secretary is hereby authorized and directed to immediately certify to the Board of County Commissioners of Jefferson County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies, attached hereto as **Exhibit 1** and incorporated herein by reference, recalculated as needed upon receipt of the final certification of

valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

RESOLUTION APPROVED AND ADOPTED on December 13, 2023.

RRC METROPOLITAN DISTRICT NO. 2

By: Kent Pedraza
President

Attest:

By: Debra Hessler
Secretary

EXHIBIT 1

Certification of Tax Levies

(yyyy)

Page 1 of 4

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|---|
| 1. | Purpose of Issue: | \$45,000,000 Limited Tax General Obligation Bonds |
| | Series: | 2021(3) |
| | Date of Issue: | December 17, 2021 |
| | Coupon Rate: | 5.25% |
| | Maturity Date: | December 1, 2051 |
| | Levy: | 57.872 |
| | Revenue: | \$702,753 |
| 2. | Purpose of Issue: | |
| | Series: | |
| | Date of Issue: | |
| | Coupon Rate: | |
| | Maturity Date: | |
| | Levy: | |
| | Revenue: | |

CONTRACTS^K:

- | | | |
|----|----------------------|--|
| 3. | Purpose of Contract: | |
| | Title: | |
| | Date: | |
| | Principal Amount: | |
| | Maturity Date: | |
| | Levy: | |
| | Revenue: | |
| | | |
| 4. | Purpose of Contract: | |
| | Title: | |
| | Date: | |
| | Principal Amount: | |
| | Maturity Date: | |
| | Levy: | |
| | Revenue: | |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1.	Purpose of Issue:	<u>\$45,000,000 Limited Tax General Obligation Bonds</u>
	Series:	<u>2021(3)</u>
	Date of Issue:	<u>December 17, 2021</u>
	Coupon Rate:	<u>5.25%</u>
	Maturity Date:	<u>December 1, 2051</u>
	Levy:	<u>57.872</u>
	Revenue:	<u>\$0</u>

2.	Purpose of Issue:	<u></u>
	Series:	<u></u>
	Date of Issue:	<u></u>
	Coupon Rate:	<u></u>
	Maturity Date:	<u></u>
	Levy:	<u></u>
	Revenue:	<u></u>

CONTRACTS^K:

3.	Purpose of Contract:	<u></u>
	Title:	<u></u>
	Date:	<u></u>
	Principal Amount:	<u></u>
	Maturity Date:	<u></u>
	Levy:	<u></u>
	Revenue:	<u></u>

4.	Purpose of Contract:	<u></u>
	Title:	<u></u>
	Date:	<u></u>
	Principal Amount:	<u></u>
	Maturity Date:	<u></u>
	Levy:	<u></u>
	Revenue:	<u></u>

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

I, Debra Hessler, hereby certify that I am the duly appointed Secretary of the RRC Metropolitan District No. 2, and that the foregoing is a true and correct copy of the Certification of Tax Levies for the budget year 2024, duly adopted at a meeting of the Board of Directors of the RRC Metropolitan District No. 2 held on December 13, 2023.

Debra Hessler

Secretary

RESOLUTION NO. 2023-12-02

RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY

**RESOLUTION OF THE BOARD OF DIRECTORS OF
RRC METROPOLITAN DISTRICT NO. 4, JEFFERSON COUNTY, COLORADO,
PURSUANT TO SECTION 29-1-108, C.R.S., SUMMARIZING EXPENDITURES AND
REVENUES FOR EACH FUND, ADOPTING A BUDGET AND APPROPRIATING
SUMS OF MONEY FOR THE BUDGET YEAR 2024**

A. The Board of Directors of the RRC Metropolitan District No. 4 (the “**District**”) has appointed Simmons & Wheeler, P.C. to prepare and submit a proposed budget to said governing body at the proper time.

B. Simmons & Wheeler, P.C. has submitted a proposed budget to this governing body by October 15, 2023 for its consideration.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed December 13, 2023, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

D. The budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District.

E. Whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RRC METROPOLITAN DISTRICT NO. 4, JEFFERSON COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. The sums set forth as the total expenditures of each fund in the budget attached hereto as **Exhibit A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

RESOLUTION APPROVED AND ADOPTED on December 13, 2023.

RRC METROPOLITAN DISTRICT NO. 4

By: 
President

Attest:

By: 
Secretary

EXHIBIT A

Budget

RRC METROPOLITAN DISTRICT NO. 4
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 budget for the RRC Metropolitan District No. 4.

The RRC Metropolitan District No. 4 has adopted budgets for one fund, a General Fund to provide for general operating expenditures.

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications and public hearing.

The primary source of revenue for the district in 2024 will be developer advances. The district does not intend to impose a mill levy on property within the district for 2024.

RRC Metropolitan District No. 4
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	-	-	-	-	-
Specific ownership taxes	-	-	-	-	-
Transfer from District No. 1	-	-	-	-	-
Developer advances	-	50,000	-	-	50,000
Total revenues	-	50,000	-	-	50,000
Total funds available	-	50,000	-	-	50,000
Expenditures:					
Accounting / audit	-	10,000	-	-	10,000
Election	-	5,000	-	-	-
Office supplies	-	-	-	-	-
Insurance/SDA dues	-	4,000	-	-	4,000
Legal	-	10,000	-	-	15,000
Management	-	10,000	-	-	10,000
Miscellaneous	-	500	-	-	500
Contingency	-	9,000	-	-	9,000
Emergency reserve (3%)	-	1,500	-	-	1,500
Total expenditures	-	50,000	-	-	50,000
Ending fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Assessed valuation		\$ -			\$ 421,984
Mill Levy		-			-

I, Debra Hessler, hereby certify that I am the duly appointed Secretary of the RRC Metropolitan District No. 4, and that the foregoing is a true and correct copy of the budget for the budget year 2024, duly adopted at a meeting of the Board of Directors of the RRC Metropolitan District No. 4 held on December 13, 2023.

Debra Hessler

Secretary

RESOLUTION NO. 2023-12-02

RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY

**RESOLUTION OF THE BOARD OF DIRECTORS OF
RRC METROPOLITAN DISTRICT NO. 5, JEFFERSON COUNTY, COLORADO,
PURSUANT TO SECTION 29-1-108, C.R.S., SUMMARIZING EXPENDITURES AND
REVENUES FOR EACH FUND, ADOPTING A BUDGET AND APPROPRIATING
SUMS OF MONEY FOR THE BUDGET YEAR 2024**

A. The Board of Directors of the RRC Metropolitan District No. 5 (the “**District**”) has appointed Simmons & Wheeler, P.C. to prepare and submit a proposed budget to said governing body at the proper time.

B. Simmons & Wheeler, P.C. has submitted a proposed budget to this governing body by October 15, 2023 for its consideration.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed December 13, 2023, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

D. The budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District.

E. Whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RRC METROPOLITAN DISTRICT NO. 5, JEFFERSON COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. The sums set forth as the total expenditures of each fund in the budget attached hereto as **Exhibit A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

RESOLUTION APPROVED AND ADOPTED on December 13, 2023.

RRC METROPOLITAN DISTRICT NO. 5

By: 
President

Attest:

By: 
Secretary

EXHIBIT A

Budget

RRC METROPOLITAN DISTRICT NO. 5
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 budget for the RRC Metropolitan District No. 5.

The RRC Metropolitan District No. 5 has adopted budgets for one fund, a General Fund to provide for general operating expenditures.

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications and public hearing.

The primary source of revenue for the district in 2024 will be developer advances. The district does not intend to impose a mill levy on property within the district for 2024.

RRC Metropolitan District No. 5
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	-	-	-	-	-
Specific ownership taxes	-	-	-	-	-
Transfer from District No. 1	-	-	-	-	-
Developer advances	-	50,000	-	-	50,000
Total revenues	-	50,000	-	-	50,000
Total funds available	-	50,000	-	-	50,000
Expenditures:					
Accounting / audit	-	10,000	-	-	10,000
Election	-	5,000	-	-	-
Office supplies	-	-	-	-	-
Insurance/SDA dues	-	4,000	-	-	4,000
Legal	-	10,000	-	-	15,000
Management	-	10,000	-	-	10,000
Miscellaneous	-	500	-	-	500
Contingency	-	9,000	-	-	9,000
Emergency reserve (3%)	-	1,500	-	-	1,500
Total expenditures	-	50,000	-	-	50,000
Ending fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Assessed valuation		\$ -			\$ -
Mill Levy		-			-

I, Debra Hessler, hereby certify that I am the duly appointed Secretary of the RRC Metropolitan District No. 5, and that the foregoing is a true and correct copy of the budget for the budget year 2024, duly adopted at a meeting of the Board of Directors of the RRC Metropolitan District No. 5 held on December 13, 2023.

Debra Hessler

Secretary

RESOLUTION NO. 2023-12-02

RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY

**RESOLUTION OF THE BOARD OF DIRECTORS OF
RRC METROPOLITAN DISTRICT NO. 6, JEFFERSON COUNTY, COLORADO,
PURSUANT TO SECTION 29-1-108, C.R.S., SUMMARIZING EXPENDITURES AND
REVENUES FOR EACH FUND, ADOPTING A BUDGET AND APPROPRIATING
SUMS OF MONEY FOR THE BUDGET YEAR 2024**

A. The Board of Directors of the RRC Metropolitan District No. 6 (the “**District**”) has appointed Simmons & Wheeler, P.C. to prepare and submit a proposed budget to said governing body at the proper time.

B. Simmons & Wheeler, P.C. has submitted a proposed budget to this governing body by October 15, 2023 for its consideration.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed December 13, 2023, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

D. The budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District.

E. Whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RRC METROPOLITAN DISTRICT NO. 6, JEFFERSON COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. The sums set forth as the total expenditures of each fund in the budget attached hereto as **Exhibit A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

RESOLUTION APPROVED AND ADOPTED on December 13, 2023.

RRC METROPOLITAN DISTRICT NO. 6

By: Kent Pedraza
President

Attest:

By: Debra Hessler
Secretary

EXHIBIT A

Budget

RRC METROPOLITAN DISTRICT NO. 6
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 budget for the RRC Metropolitan District No. 6.

The RRC Metropolitan District No. 6 has adopted budgets for one fund, a General Fund to provide for general operating expenditures.

The district's accountants have utilized the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications and public hearing.

The primary source of revenue for the district in 2024 will be developer advances. The district does not intend to impose a mill levy on property within the district for 2024.

RRC Metropolitan District No. 6
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimated <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	-	-	-	-	-
Specific ownership taxes	-	-	-	-	-
Transfer from District No. 1	-	-	-	-	-
Developer advances	-	50,000	-	-	50,000
Total revenues	-	50,000	-	-	50,000
Total funds available	-	50,000	-	-	50,000
Expenditures:					
Accounting / audit	-	10,000	-	-	10,000
Election	-	5,000	-	-	-
Office supplies	-	-	-	-	-
Insurance/SDA dues	-	4,000	-	-	4,000
Legal	-	10,000	-	-	15,000
Management	-	10,000	-	-	10,000
Miscellaneous	-	500	-	-	500
Contingency	-	9,000	-	-	9,000
Emergency reserve (3%)	-	1,500	-	-	1,500
Total expenditures	-	50,000	-	-	50,000
Ending fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Assessed valuation		\$ -			\$ 1,204,603
Mill Levy		-			-

I, Debra Hessler, hereby certify that I am the duly appointed Secretary of the RRC Metropolitan District No. 6, and that the foregoing is a true and correct copy of the budget for the budget year 2024, duly adopted at a meeting of the Board of Directors of the RRC Metropolitan District No. 6 held on December 13, 2023.

Debra Hessler

Secretary

EXHIBIT B

**2022 Audits – RRC Nos. 1 and 2
(2023 Audits to be provided when completed)**

RRC METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

C O N T E N T S

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
RRC Metropolitan District No. 1
Jefferson County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the RRC Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022, and the respective changes in financial position and the 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 Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hiratsuka & Associates, LLP

September 27, 2023
Wheat Ridge, Colorado

RRC Metropolitan District No. 1

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of Net Position
ASSETS						
Cash and investments	\$ 4,823	\$ -	\$ -	\$ 4,823	\$ -	\$ 4,823
Cash and Investments - restricted	1,500	-	-	1,500	-	1,500
Receivable - County Treasurer	3	56	-	59	-	59
Property taxes receivable	7,837	145,853	-	153,690	-	153,690
Receivable District No. 2	-	-	43,983	43,983	-	43,983
Prepaid expenses	5,142	-	-	5,142	-	5,142
Receivable - Developer	39,311	-	-	39,311	(39,311)	-
Capital assets not being depreciated	-	-	-	-	21,457,460	21,457,460
Total Assets	<u>\$ 58,616</u>	<u>\$ 145,909</u>	<u>\$ 43,983</u>	<u>\$ 248,508</u>	<u>21,418,149</u>	<u>21,666,657</u>
LIABILITIES						
Accounts payable	\$ 46,352	\$ -	\$ -	\$ 46,352	-	46,352
Payable to District 2	1,034	56	-	1,090	-	1,090
Payable to District 3	3,393	-	-	3,393	-	3,393
Retainage payable	-	-	43,983	43,983	-	43,983
Long-term liabilities:						
Due in more than one year	-	-	-	-	348,131	348,131
Total Liabilities	<u>50,779</u>	<u>56</u>	<u>43,983</u>	<u>94,818</u>	<u>348,131</u>	<u>442,949</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>7,837</u>	<u>145,853</u>	<u>-</u>	<u>153,690</u>	<u>-</u>	<u>153,690</u>
Total Deferred Inflows of Resources	<u>7,837</u>	<u>145,853</u>	<u>-</u>	<u>153,690</u>	<u>-</u>	<u>153,690</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	5,142	-	-	5,142	(5,142)	-
Restricted:						
Emergencies	1,500	-	-	1,500	(1,500)	-
Unassigned	<u>(6,642)</u>	<u>-</u>	<u>-</u>	<u>(6,642)</u>	<u>6,642</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 58,616</u>	<u>\$ 145,909</u>	<u>\$ 43,983</u>	<u>\$ 248,508</u>		
Net Position:						
Net investment in capital assets					21,457,460	21,457,460
Restricted for:						
Emergencies					1,500	1,500
Unrestricted					<u>(388,942)</u>	<u>(388,942)</u>
Total Net Position					<u>\$21,070,018</u>	<u>\$21,070,018</u>

The notes to the financial statements are an integral part of these statements.

RRC Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 20,679	\$ -	\$ -	\$ 20,679	\$ -	\$ 20,679
Election expense	2,797	-	-	2,797	-	2,797
Insurance	6,967	-	-	6,967	-	6,967
Legal	69,589	-	-	69,589	-	69,589
Miscellaneous expenses	807	-	-	807	-	807
Engineering	-	-	39,295	39,295	(39,295)	-
Ward Canal Relocation	-	-	13,819	13,819	(13,819)	-
Transfer to District 2	-	12,067	-	12,067	-	12,067
Capital improvements	-	-	20,450,269	20,450,269	(20,450,269)	-
Treasurer's fees	9	171	-	180	-	180
Repay developer advances - principal	-	-	883,199	883,199	(883,199)	-
Interest on developer advances	-	-	67,204	67,204	(30,317)	36,887
Total Expenditures	<u>100,848</u>	<u>12,238</u>	<u>21,453,786</u>	<u>21,566,872</u>	<u>(21,416,899)</u>	<u>149,973</u>
GENERAL REVENUES						
Property taxes	613	11,366	-	11,979	-	11,979
Specific ownership taxes	47	872	-	919	-	919
Transfer from District No. 2	-	-	21,441,577	21,441,577	-	21,441,577
Total General Revenues	<u>660</u>	<u>12,238</u>	<u>21,441,577</u>	<u>21,454,475</u>	<u>-</u>	<u>21,454,475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,188)	-	(12,209)	(112,397)	21,416,899	21,304,502
OTHER FINANCING SOURCES (USES)						
Developer advances	<u>100,188</u>	<u>-</u>	<u>-</u>	<u>100,188</u>	<u>(100,188)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>100,188</u>	<u>-</u>	<u>-</u>	<u>100,188</u>	<u>(100,188)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	-	(12,209)	(12,209)	12,209	
CHANGE IN NET POSITION					21,304,502	21,304,502
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>12,209</u>	<u>12,209</u>	<u>(246,693)</u>	<u>(234,484)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 21,070,018</u>	<u>\$ 21,070,018</u>

The notes to the financial statements are an integral part of these statements.

RRC Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 685	\$ 685	\$ 613	\$ (72)
Specific ownership taxes	<u>54</u>	<u>54</u>	<u>47</u>	<u>(7)</u>
Total Revenues	<u>739</u>	<u>739</u>	<u>660</u>	<u>(79)</u>
EXPENDITURES				
Accounting and audit	15,000	20,679	20,679	-
Election expense	-	3,000	2,797	203
Insurance	3,500	7,000	6,967	33
Legal	30,000	70,000	69,589	411
Miscellaneous expenses	500	1,000	807	193
Treasurer's fees	10	10	9	1
Contingency	17,879	-	-	-
Emergency reserve	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>68,389</u>	<u>101,689</u>	<u>100,848</u>	<u>841</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,650)	(100,950)	(100,188)	762
OTHER FINANCING SOURCES (USES)				
Developer advances	<u>67,650</u>	<u>100,950</u>	<u>100,188</u>	<u>(762)</u>
Total Other Financing Sources (Uses)	<u>67,650</u>	<u>100,950</u>	<u>100,188</u>	<u>(762)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the RRC Metropolitan District No. 1 (the “District”), located in Jefferson County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on December 1, 2016, as a quasi-municipal corporation and political subdivision of the State of Colorado under the Special District Act. The District operates pursuant to the Consolidated Amended and Restated Service Plan for RRC Metropolitan District Nos. 1 and 2 and Service Plan for RRC Metropolitan District Nos. 4-6, approved by the Board of County Commissioners of Jefferson County on August 23, 2022 (the “Service Plan”). The District was originally located in the Town of Morrison; however, it has since disconnected therefrom and is now located in unincorporated Jefferson County. The District was established to finance, construct, and maintain certain public infrastructure improvements that benefit its taxpayers. Subsequent to year end the District along with District No. 2 and RRC Metropolitan District Nos. 4-6 formed the RRC Authority, see Note 10. The District's primary source of revenues is transfers from RRC Metropolitan District No. 2 (“District No. 2”) and developer advances. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

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Notes to Financial Statements December 31, 2022

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end. Total appropriations in the General Fund were amended.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

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Notes to Financial Statements December 31, 2022

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method.

Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

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Notes to Financial Statements December 31, 2022

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact. The nonspendable fund balance at December 31, 2022 represents prepaid insurance.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,500 of the General Fund balance has been reserved in compliance with this requirement.

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

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Notes to Financial Statements December 31, 2022

Note 2: Cash and Investments

As of December 31, 2022, cash and investments is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 4,823
Cash and Investments - restricted	<u>1,500</u>
Total	\$ <u>6,323</u>

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

Deposits with financial institutions	\$ <u>6,323</u>
	\$ <u>6,323</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

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Notes to Financial Statements December 31, 2022

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2022, the District had no investments.

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 954,077	\$ 20,503,383	\$ -	\$ 21,457,460
Total capital assets not being depreciated	954,077	20,503,383	-	21,457,460
Government type assets, net	<u>\$ 954,077</u>	<u>\$ 20,503,383</u>	<u>\$ -</u>	<u>\$ 21,457,460</u>

Upon completion and acceptance, all fixed assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long-Term Debt

The following is an analysis of changes in long-term debt for the year ending December 31, 2022:

	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2022</u>	<u>Current Portion</u>
<u>Other:</u>					
Operating advances - principal	\$ 240,371	\$ 61,493	\$ -	\$ 301,864	\$ -
Operating advances - interest	25,447	20,820	-	46,267	-
Capital advances - principal	883,199	-	883,199	-	-
Capital advances - interest	51,137	16,067	67,204	-	-
	<u>\$1,200,154</u>	<u>\$ 98,380</u>	<u>\$ 950,403</u>	<u>\$ 348,131</u>	<u>\$ -</u>

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

A description of the long-term obligations as of December 31, 2022, is as follows:

Facilities Acquisition and Reimbursement Agreement (Lennar).

On February 10, 2020, the District and Lennar Colorado, LLC (“Lennar”) entered into a Facilities Acquisition and Reimbursement Agreement (the “Lennar FARA”), setting forth the rights, obligations, and procedures for the acquisition of the Public Improvements and for the District to reimburse Lennar. Lennar acknowledges that the District will design, construct, and complete certain Public Improvements and will incur construction related expenses in reliance upon Lennar’s commitments therein to provide funding; provided that Lennar is only obligated for construction related expenses to the extent previously advanced by or otherwise previously agreed to be funded by Lennar. Pursuant to the Lennar FARA, Lennar agrees to advance funds necessary to fund the Public Improvements incurred by the District on a periodic basis for the fiscal years 2020 through 2030, up to \$50,000,000, the total estimated cost to complete construction of the Public Improvements, including contingencies. The District is to provide written notice to Lennar that an advance of all or part of the Lennar FARA Shortfall Amount is required and Lennar is to advance of funds to District No. 1 within 30 days of receipt of such notice. There are no amounts outstanding under this agreement at December 31, 2022.

The Lennar FARA also provides that the District will acquire all or a portion of the Public Improvements which are intended to be conveyed to the District for ownership, operation and maintenance after substantial completion of the component or phase of the Public Improvements and receipt of the following: (a) an Indemnification Agreement executed by Lennar, which the District agrees to sign, and Lennar agrees to indemnify the District for any liens or lien waivers verifying all amounts due for such Public Improvements have been paid in full; (b) a non-exclusive assignment from Lennar to the District of any transferrable warranties associated with the Public Improvements; (c) a Special Warranty Deed executed by Lennar conveying the real property to the District, if the District is to assume ownership; and (d) a Bill of Sale executed by Lennar conveying the Public Improvements to the District.

Subject to the receipt of funding pursuant to the Lennar FARA, the District agrees to make payment to Lennar for all Lennar FARA Advances and/or construction related expenses, together with interest thereon, including any Lennar FARA Advances and/or construction related expenses incurred after the Districts’ Organization Date. Upon payment request by Lennar, the District will obtain a certification of an independent engineer that the construction related expenses are reimbursable (the “Lennar FARA Verified Costs”) based on the copies of invoices and evidenced payment of same. Simple interest is to accrue on construction related expenses at the rate of 8% per annum until paid as follows: (a) on each Lennar FARA Advance, from the date of deposit into the District’s account; or (b) on Lennar FARA Verified Costs for amounts expended by Lennar for Public Improvements constructed after the Districts’ Organization Date, from the date Lennar FARA Verified Costs were incurred by Lennar. The District and Lennar agree that payments by the District to Lennar are to be credited first against accrued and unpaid interest and then to the principle amount due.

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

The District and Lennar agree that no payment is required of the District under the Lennar FARA unless and until the District issues bonds in an amount sufficient to reimburse Lennar for all or a portion of the Lennar FARA Advances and/or Lennar FARA Verified Costs. The District agrees to exercise reasonable efforts to issue bonds to reimburse Lennar subject to the limitations therein. In addition, the District agrees to utilize any available moneys not otherwise pledged to payment of bonds, used for operation and maintenance expenses, or otherwise encumbered, to reimburse Lennar. The Lennar FARA does not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor does it constitute a multiple fiscal year financial obligation.

Operation Funding Agreement (Lennar).

District No. 1 and Lennar have entered into an Operation Funding Agreement dated and effective February 10, 2020 and amended December 6, 2021 and November 8, 2022 (as amended the “Lennar OFA”) to set forth the rights, obligations and procedures for Lennar to advance funds and for the District to reimburse Lennar for such advances. Pursuant to the Lennar OFA, Lennar agreed to advance funds necessary to fund, or directly pay, District No. 1’s operations, maintenance and administrative expenses for the fiscal years 2020 through 2023 on a periodic basis as needed (the “Lennar OFA Advance”), up to a stated shortfall amount (\$200,000, referred to as the “Lennar OFA Shortfall Amount”). If the District requires additional Lennar OFA Advances above the Lennar OFA Shortfall Amount from Lennar in order to meet its operation and maintenance expenses, the District is to request such additional funds in writing and the amount of the additional funds, which are to be added to the Lennar OFA Shortfall Amount.

The Lennar OFA states that it is the District’s intent to repay the amounts Lennar has advanced or directly paid pursuant to the Lennar OFA, and the making of any reimbursement thereof does not constitute a multiple fiscal year financial obligation. Simple interest accrues on each Lennar OFA Advance from the date of deposit into the District’s account or from the date of direct payment by Lennar, until paid, at the rate of 8% per annum. Payments to reimburse Lennar are to be made on December 2 of each year and are to be applied as follows: (a) first to the accrued and unpaid interest; and (b) then to the principal amount due pursuant to the Lennar OFA. Amounts outstanding under this agreement are labeled as “Operating Advances” in the table above.

Debt Authorization

On November 6, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$550,000,000. Per the District’s Service Plan, the District cannot issue debt in excess of \$50,000,000. Pursuant to the Debt Allocation IGA, the District and District No. 1 are allocated \$45,000,000, and the remaining \$5,000,000 is allocated to District No. 3. With the issuance by District No. 2 of its Series 2021⁽³⁾ Bonds, neither the District nor District No. 2 has any remaining debt authorization available.

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Note 5: Agreements

Debt Allocation IGA

The Districts entered into a Debt Allocation IGA dated February 4, 2020 to set forth the terms and conditions related to the allocation of the aggregate Debt limit authorized by the Service Plan. The Districts agree that the allocation of the Service Plan's Total Debt Issuance Limitation of \$50,000,000 among the Districts is necessary to avoid confusion, duplication of services and potential conflict over Debt authorization available to each of the Districts. Pursuant to the Debt Allocation IGA, the District and District No. 2 are allocated \$45,000,000, and the remaining \$5,000,000 is allocated to District No. 3. The District and District No. 2 may reallocate their portion of allocated Debt upon written agreement without the additional approval of District No. 3, provided that such reallocation does not exceed the Total Debt Issuance Limitation and does not reduce the \$5,000,000 allocated to District No. 3.

Capital Pledge Agreement

The District and District No. 2 have entered into the Capital Pledge Agreement dated December 17, 2021. Under the Capital Pledge Agreement, the Districts determined that each shall be liable for the repayment of the Bonds generally in accordance with their relative assessed valuations, and that such allocation is fair and is reasonably related to the relative benefit that the residents, property owners, and taxpayers of both Districts from the Project. Pursuant to which the District pledges to impose the Mandatory Capital Levy in each year, commencing in December 2021 (for collection in 2022). Under the Pledge Agreement, the District pledges to pay to District No. 2 the Pledge District Capital Revenue.

Ward Canal Relocation Agreement.

The Ward Canal Company, a Colorado nonprofit corporation ("Ward") and Tharaldson Ethanol Plant I, L.L.C. ("Original Developer") entered into the Ward Canal Relocation Agreement dated January 24, 2020 (the "Ward Agreement") which generally sets forth the responsibility for the financing, construction, relocation and assignment of a portion of the Ward Canal (the "Canal"). Pursuant to that certain Assignment and Assumption of Ward Canal Relocation Agreement, dated June 26, 2020, (the "Ward Canal Assignment," and together with the Ward Agreement, the "Ward Canal Relocation Agreement") Lennar assigned all of its right, title and interest in, to and under the Canal Relocation Agreement to the District and the District agreed to perform all of Lennar's obligations under the Ward Canal Relocation Agreement arising from and after the date of the Ward Canal Assignment. The District does not intend to create a multiple fiscal year direct or indirect debt or other financial obligation whatsoever, and its performance of obligations thereunder are subject to annual budgeting and appropriations. No provision therein is to be construed to pledge or create a lien on District funds.

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Pursuant to the Ward Canal Relocation Agreement, the District is required, to construct all improvements and perform all other work for the relocation of the Canal (the “Relocation Work”) in accordance with terms and conditions set forth therein; provided, however, that under no circumstances may the existing Canal be disturbed, disrupted or otherwise modified until Final Acceptance of the Relocation Work by Ward and Ward’s delivery of Authorization to Proceed and other conditions are met. Ward has the right to monitor and inspect the Relocation Work and is authorized to enter upon those portions of property owned by the District reasonably required for such purpose. The District agrees to keep Ward apprised of the progress of the Relocation Work, to promptly respond to requests by Ward pertaining to the Relocation Work, and to meet with Ward’s representative on not less than a weekly basis, or more frequently as Ward determines to be necessary, to review and discuss the status of the Relocation Work.

Pursuant to the Canal Relocation Agreement, the District will pay to Ward a “Relocation Fee” in the amount of \$416,140 within 90 days of the receipt of a grading permit from the County. The District will also pay Ward an “Annual Maintenance Fee” of \$6,000 per year (as adjusted by multiplying a fraction determined by the Engineering News-Records Construction Cost Index for Denver, Colorado, as more specifically described therein) for Ward’s inspection and maintenance of the relocated portion of the Canal.

Pursuant to the Canal Relocation Agreement, the District grants and conveys unto Ward, perpetual, exclusive easement and right-of-way (the “Relocation Easement”), under, over, and across the “Relocation Easement Area” as provided therein, for the purpose of constructing, maintaining, inspecting, operating, repairing, and replacing the Canal. Except as expressly permitted in the Ward Canal Relocation Agreement, use of the Relocation Easement is expressly and exclusively reserved to Ward, and neither the District nor its successors or assigns may construct any improvement on, under, or over the Relocation Easement Area. In order to effectuate the District’s obligations under the Ward Canal Relocation Agreement, the District has entered into that certain Construction Contract for Ward Canal Relocation Project, between the District and IHC Scott, Inc., formerly known as Scott Contracting, Inc. (the “Construction Contract”). Under the terms of the Construction Contract, the District will pay a total contract amount not to exceed \$879,637. This contract is expected to be completed and paid in full by the end of 2023.

Memorandum of Understanding

The District and District No. 2 entered into a Memorandum of Understanding, dated December 7, 2020 (the “MOU”), acknowledging that the development of District No. 3 will not take place in coordination with the District and District No. 2. Additionally, the MOU established that, until such time that a Facilities Funding, Construction and Operations Agreement (the “FFCOA”) is entered into by and among the District and District No. 2, the District will provide for financing, construction, design, operations and maintenance services for the District and District No. 2, and that District No. 2 will reimburse the District for certain of such costs pursuant to the terms of the FFCOA.

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

Note 6: Related Parties

All of the Board members are owners or members of or are otherwise associated with the Developer. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's 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.

On November 8, 2016, 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 Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

RRC METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2022

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

Note 10: Subsequent Event

Effective April 6, 2023, District Nos. 1, 2, 4, 5, and 6 (the "Districts") formed via contract a separate legal entity, which is a public corporation and political subdivision of the State of Colorado, organized pursuant to the power of Article XIV of the Colorado Constitution and in conformity with the provisions of Sections 29-1-203 and 29-1-203.5 of the Colorado Revised Statutes (such entity, the "RRC Authority"). The RRC Authority will provide certain administrative services in the Districts' Service Area (as defined in the Service Plan) for the benefit of the Districts, as well as the residents, users, and property owners therein. It is the intent that the RRC Authority will provide residents and property owners the opportunity to participate in the governance of the RRC Authority through representation on the Board.

SUPPLEMENTAL INFORMATION

RRC Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2022

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 12,695	\$ 11,366	\$ (1,329)
Specific ownership taxes	<u>1,016</u>	<u>872</u>	<u>(144)</u>
Total Revenues	<u>13,711</u>	<u>12,238</u>	<u>(1,473)</u>
EXPENDITURES			
Transfer to District 2	13,521	12,067	1,454
Trustee fees	-	-	-
Treasurer's fees	<u>190</u>	<u>171</u>	<u>19</u>
Total Expenditures	<u>13,711</u>	<u>12,238</u>	<u>1,473</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

RRC Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2022

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Transfer from District No. 2	\$ 42,000,000	\$ 21,441,577	\$ (20,558,423)
Total Revenues	<u>42,000,000</u>	<u>21,441,577</u>	<u>(20,558,423)</u>
EXPENDITURES			
Ward Canal Relocation	-	13,819	(13,819)
Engineering	-	39,295	(39,295)
Capital improvements	42,000,000	20,450,269	21,549,731
Repay developer advances - principal	-	883,199	(883,199)
Interest on developer advances	<u>-</u>	<u>67,204</u>	<u>(67,204)</u>
Total Expenditures	<u>42,000,000</u>	<u>21,453,786</u>	<u>20,546,214</u>
NET CHANGE IN FUND BALANCE	-	(12,209)	(12,209)
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>12,209</u>	<u>12,209</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

RRC Metropolitan District No. 1

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current	Mills Levied		Total Property Tax		Percent Collected to Levied
	Year Property Tax Levy	General Fund	Debt Service	Levied	Collected	
2019	\$ 46	42.000	0.000	\$ 2	2	100.00%
2020	\$ 48	42.000	0.000	\$ 2	2	100.00%
2021	\$ 48	61.230	0.000	\$ 3	3	100.00%
2022	\$ 228,073	3.000	55.664	\$ 13,380	\$ 11,979	89.53%
Estimated for year ending December 31,						
2023	\$ 2,612,219	3.000	55.835	\$ 153,690		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

RRC METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
RRC Metropolitan District No. 2
Jefferson County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the RRC Metropolitan District No. 2 (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022, and the respective changes in financial position and the 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 Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hiratsuka & Associates, LLP

September 27, 2023
Wheat Ridge, Colorado

RRC Metropolitan District No. 2

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
ASSETS						
Investments - restricted	\$ -	\$ 7	\$22,849,275	\$22,849,282	\$ -	\$ 22,849,282
Receivable - County Treasurer	3	58	-	61	-	61
Property taxes receivable	31,871	591,359	-	623,230	-	623,230
Receivable other	-	-	9,809	9,809	-	9,809
Receivable from D1	<u>674</u>	<u>362</u>	<u>-</u>	<u>1,036</u>	<u>-</u>	<u>1,036</u>
Total Assets	<u>\$ 32,548</u>	<u>\$ 591,786</u>	<u>\$22,859,084</u>	<u>\$23,483,418</u>	<u>-</u>	<u>23,483,418</u>
LIABILITIES						
Payable to District 1	\$ -	\$ -	\$ 43,929	\$ 43,929	-	43,929
Accrued interest	-	-	-	-	2,439,976	2,439,976
Long-term liabilities:						
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000,000</u>	<u>45,000,000</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>43,929</u>	<u>43,929</u>	<u>47,439,976</u>	<u>47,483,905</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>31,871</u>	<u>591,359</u>	<u>-</u>	<u>623,230</u>	<u>-</u>	<u>623,230</u>
Total Deferred Inflows of Resources	<u>31,871</u>	<u>591,359</u>	<u>-</u>	<u>623,230</u>	<u>-</u>	<u>623,230</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	1,500	-	-	1,500	(1,500)	-
Debt service	-	427	-	427	(427)	-
Capital projects	-	-	22,815,155	22,815,155	(22,815,155)	-
Unassigned	<u>(823)</u>	<u>-</u>	<u>-</u>	<u>(823)</u>	<u>823</u>	<u>-</u>
Total Fund Balances	<u>677</u>	<u>427</u>	<u>22,815,155</u>	<u>22,816,259</u>	<u>(22,816,259)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,548</u>	<u>\$ 591,786</u>	<u>\$22,859,084</u>	<u>\$23,483,418</u>		
Net Position:						
Restricted for:						
Emergencies					1,500	1,500
Capital projects					22,815,155	22,815,155
Unrestricted					<u>(47,440,372)</u>	<u>(47,440,372)</u>
Total Net Position					<u>\$(24,623,717)</u>	<u>\$ (24,623,717)</u>

The notes to the financial statements are an integral part of these statements.

RRC Metropolitan District No. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Transfer to D1	\$ -	\$ -	\$ 21,441,577	\$ 21,441,577	\$ -	\$ 21,441,577
Treasurer's fees	10	177	-	187	-	187
Bond interest expense	-	24,170	-	24,170	2,348,101	2,372,271
Total Expenditures	<u>10</u>	<u>24,347</u>	<u>21,441,577</u>	<u>21,465,934</u>	<u>2,348,101</u>	<u>23,814,035</u>
GENERAL REVENUES						
Property taxes	635	11,783	-	12,418	-	12,418
Specific ownership taxes	49	904	-	953	-	953
Interest income	-	20	386,358	386,378	-	386,378
Transfer from District No. 1	-	12,067	-	12,067	-	12,067
Total General Revenues	<u>684</u>	<u>24,774</u>	<u>386,358</u>	<u>411,816</u>	<u>-</u>	<u>411,816</u>
NET CHANGES IN FUND BALANCES	674	427	(21,055,219)	(21,054,118)	21,054,118	
CHANGE IN NET POSITION					(23,402,219)	(23,402,219)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>3</u>	<u>-</u>	<u>43,870,374</u>	<u>43,870,377</u>	<u>(45,091,875)</u>	<u>(1,221,498)</u>
END OF YEAR	<u>\$ 677</u>	<u>\$ 427</u>	<u>22,815,155</u>	<u>\$ 22,816,259</u>	<u>\$ (47,439,976)</u>	<u>\$ (24,623,717)</u>

The notes to the financial statements are an integral part of these statements.

RRC Metropolitan District No. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2022

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 709	\$ 635	\$ (74)
Specific ownership taxes	<u>57</u>	<u>49</u>	<u>(8)</u>
Total Revenues	<u>766</u>	<u>684</u>	<u>(82)</u>
EXPENDITURES			
Insurance	3,500	-	3,500
Treasurer's fees	11	10	1
Contingency	5,000	-	5,000
Emergency reserve	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Expenditures	<u>10,011</u>	<u>10</u>	<u>10,001</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,245)	674	9,919
OTHER FINANCING SOURCES (USES)			
Developer advances	<u>9,245</u>	<u>-</u>	<u>(9,245)</u>
Total Other Financing Sources (Uses)	<u>9,245</u>	<u>-</u>	<u>(9,245)</u>
NET CHANGE IN FUND BALANCE	-	674	674
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>3</u>	<u>3</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 677</u>	<u>\$ 677</u>

The notes to the financial statements are an integral part of these statements.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the RRC Metropolitan District No. 2, (the “District”) located in Jefferson County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on December 1, 2016, as a quasi-municipal corporation and political subdivision of the State of Colorado under the Special District Act. The District operates pursuant to the Consolidated Amended and Restated Service Plan for RRC Metropolitan District Nos. 1 and 2 and Service Plan for RRC Metropolitan District Nos. 4-6, approved by the Board of County Commissioners of Jefferson County on August 23, 2022 (the “Service Plan”). The District was originally located in the Town of Morrison; however, it has since disconnected therefrom and is now located in unincorporated Jefferson County. The District was established to finance, construct, and maintain certain public infrastructure improvements that benefit its taxpayers. Subsequent to year end the District along with District No. 1 and RRC Metropolitan District Nos. 4-6 formed the RRC Authority, see Note 10. The District's primary source of revenue is interest and property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest, and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end. The District amended its total appropriations in the Debt Service Fund from \$14,215 to \$27,487.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments on December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method.

Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. The District did not own any Capital Assets at December 31, 2022.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,500 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$427 is restricted for the payment of the debt service costs associated with the Series 2021 Bonds (see Note 3).

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

The restricted fund balance in the Capital Projects Fund in the amount of \$22,856,060 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

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

Statement of Net Position:

Investments - restricted	\$ <u>22,849,282</u>
Total	\$ <u>22,849,282</u>

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

Investments - COLOTRUST	\$ <u>22,849,282</u>
	\$ <u>22,849,282</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2022, the District had \$22,849,282 invested in COLOTRUST Plus+.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 3: Long-Term Debt

The following is an analysis of changes in long-term debt for the year ending December 31, 2022:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
General Obligation Bonds					
Series 2021 Bonds	\$ 45,000,000	\$ -	\$ -	\$ 45,000,000	\$ -
Total	<u>\$ 45,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,000,000</u>	<u>\$ -</u>

A description of the long-term obligations as of December 31, 2022, is as follows:

\$45,000,000 Limited Tax General Obligation Bonds, Series 2021⁽³⁾

On December 17, 2021, the District issued \$45,000,000 of Limited Tax General Obligation Bonds, Series 2021⁽³⁾ (“Series 2021 Bonds”) for the purpose of financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the Development and paying for the costs of issuance of the Series 2021 Bonds. The Series 2021 Bonds bear interest at 5.250% payable annually on December 1 commencing on December 1, 2022, and mature on December 1, 2051. Interest will compound at the same rate on an unpaid interest balance. The 2021 Bonds are subject to early redemption at the option of the District commencing December 1, 2026, with a redemption premium ranging from 1% to 3% until December 1, 2029 when they can be redeemed with no premium. The 2021 Bonds are limited tax “cash flow” general obligations of the District secured by and payable solely from the Pledged Revenue, consisting of moneys derived by the District from the following sources: the Required Mill Levy, the portion of Specific Ownership Tax related to the Required Mill Levy and the Pledged Fees consisting of property taxes and revenues pledged by District No. 1 pursuant to a Capital Pledge Agreement, and any other moneys determined by the District. Any remaining principal and interest outstanding at December 2, 2065 will be discharged.

Events of Default as defined in the Series 2021 Bond Indenture are 1) the failure of the District to impose or apply the Required Mill levy as per the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture and fails to remedy this after notice is given, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2021 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2021 Bonds is not an available remedy for an Event of Default.

Because of the uncertainty of timing of payments under the Series 2021 Bonds no related schedule of expected principal and interest payments is presented.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Debt Authorization

On November 6, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$550,000,000. Per the District's Service Plan, the District cannot issue debt in excess of \$50,000,000. Pursuant to the Debt Allocation IGA, the District and District No. 1 are allocated \$45,000,000, and the remaining \$5,000,000 is allocated to District No. 3. With the issuance of the Series 2021 Bonds, neither the District nor District No. 1 has any remaining debt authorization available.

Note 4: Agreements

Debt Allocation IGA

The Districts entered into a Debt Allocation IGA dated February 4, 2020 to set forth the terms and conditions related to the allocation of the aggregate Debt limit authorized by the Service Plan. The Districts agree that the allocation of the Service Plan's Total Debt Issuance Limitation of \$50,000,000 among the Districts is necessary to avoid confusion, duplication of services and potential conflict over Debt authorization available to each of the Districts. Pursuant to the Debt Allocation IGA, the District and District No. 1 are allocated \$45,000,000, and the remaining \$5,000,000 is allocated to District No. 3. The District and District No. 1 may reallocate their portion of allocated Debt upon written agreement without the additional approval of District No. 3, provided that such reallocation does not exceed the Total Debt Issuance Limitation and does not reduce the \$5,000,000 allocated to District No. 3.

Capital Pledge Agreement

The District and District No. 1 have entered into the Capital Pledge Agreement dated December 17, 2021. Under the Capital Pledge Agreement, the Districts determined that each shall be liable for the repayment of the Bonds generally in accordance with their relative assessed valuations, and that such allocation is fair and is reasonably related to the relative benefit that the residents, property owners, and taxpayers of both Districts from the Project. Pursuant to which District No. 1 pledges to impose the Mandatory Capital Levy in each year, commencing in December 2021 (for collection in 2022). Under the Pledge Agreement, District No. 1 pledges to pay to the District the Pledge District Capital Revenue.

Memorandum of Understanding

The District and District No. 1 entered into a Memorandum of Understanding, dated December 7, 2020 (the "MOU"), acknowledging that the development of District No. 3 will not take place in coordination with the District and District No. 1. Additionally, the MOU established that, until such time that a Facilities Funding, Construction and Operations Agreement (the "FFCOA") is entered into by and among the District and District No. 1, District No. 1 will provide for financing, construction, design, operations and maintenance services for the District and District No. 1, and that the District will reimburse District No. 1 for certain of such costs pursuant to the terms of the FFCOA.

RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

Note 5: Related Parties

All of the Board members are owners or members of or are otherwise associated with the Developer. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District’s 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.

On November 8, 2016, 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 Article X, Section 20 of the Colorado Constitution.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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RRC METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2022

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

Note 10: Subsequent Event

Effective April 6, 2023, District Nos. 1, 2, 4, 5, and 6 (the "Districts") formed via contract a separate legal entity, which is a public corporation and political subdivision of the State of Colorado, organized pursuant to the power of Article XIV of the Colorado Constitution and in conformity with the provisions of Sections 29-1-203 and 29-1-203.5 of the Colorado Revised Statutes (such entity, the "RRC Authority"). The RRC Authority will provide certain administrative services in the Districts' Service Area (as defined in the Service Plan) for the benefit of the Districts, as well as the residents, users, and property owners therein. It is the intent that the RRC Authority will provide residents and property owners the opportunity to participate in the governance of the RRC Authority through representation on the Board.

SUPPLEMENTAL INFORMATION

RRC Metropolitan District No. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 13,162	\$ 13,162	\$ 11,783	\$ (1,379)
Specific ownership taxes	1,053	900	904	4
Interest income	-	-	20	20
Transfer from District No. 1	<u>-</u>	<u>13,425</u>	<u>12,067</u>	<u>(1,358)</u>
Total Revenues	<u>14,215</u>	<u>27,487</u>	<u>24,774</u>	<u>(2,713)</u>
EXPENDITURES				
Bond interest expense	14,018	27,290	24,170	3,120
Treasurer's fees	<u>197</u>	<u>197</u>	<u>177</u>	<u>20</u>
Total Expenditures	<u>14,215</u>	<u>27,487</u>	<u>24,347</u>	<u>3,140</u>
NET CHANGE IN FUND BALANCE	-	-	427	427
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427</u>	<u>\$ 427</u>

The notes to the financial statements are an integral part of these statements.

RRC Metropolitan District No. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2022

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ 386,358	\$ 386,358
Total Revenues	-	386,358	386,358
EXPENDITURES			
Capital Expenditures	42,000,000	-	42,000,000
Transfer to D1	-	21,441,577	(21,441,577)
Total Expenditures	42,000,000	21,441,577	20,558,423
NET CHANGE IN FUND BALANCE	(42,000,000)	(21,055,219)	20,944,781
FUND BALANCE:			
BEGINNING OF YEAR	42,000,000	43,870,374	1,870,374
END OF YEAR	\$ -	\$ 22,815,155	\$ 22,815,155

The notes to the financial statements are an integral part of these statements.

RRC Metropolitan District No. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property				Percent Collected to Levied	
	<u>Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2019	\$ 48	42.000	0.000	\$ 2	2	100.00%
2020	\$ 50	42.000	0.000	\$ 2	2	100.00%
2021	\$ 50	61.230	0.000	\$ 3	3	100.00%
2022	\$ 236,449	3.000	55.664	\$ 13,871	\$ 12,418	89.52%
Estimated for year ending December 31, 2023	\$ 10,623,717	3.000	55.664	\$ 623,230		

The notes to the financial statements are an integral part of these statements.

EXHIBIT C

2023 Audit Exemptions – RRC Nos. 4, 5 and 6

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT
ADDRESS

RRC Metropolitan District No. 4
304 Inverness Way South
Suite 490
Englewood, CO 80112
Diane Wheeler
303-981-0386
Diane@simmonswheeler.com

For the Year Ended
12/31/23
or fiscal year ended:

CONTACT PERSON
PHONE
EMAIL

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE

Diane Wheeler
District Accountant
Simmons & Wheeler, P.C.
304 Inverness Way South, Suite 490, Englewood, CO 80112
303-689-0833

PREPARER (SIGNATURE REQUIRED)		DATE PREPARED
		Mar 24, 2024
Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types	GOVERNMENTAL (MODIFIED ACCRUAL BASIS)	PROPRIETARY (CASH OR BUDGETARY BASIS)
	☒	☐

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ -	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ -	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP** You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM"

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

Yes

No

4-1 Does the entity have outstanding debt?

☐

☒

If Yes, please attach a copy of the entity's Debt Repayment Schedule.

4-2 Is the debt repayment schedule attached? If no, **MUST** explain below:

☐

☒

4-3 Is the entity current in its debt service payments? If no, **MUST** explain below:

☒

☐

4-4 Please complete the following debt schedule, if applicable:
(please only include principal amounts)(enter all amount as positive numbers)

Outstanding at
end of prior year

Issued during
year

Retired during
year

Outstanding at
year-end

General obligation bonds

\$ -

\$ -

\$ -

\$ -

Revenue bonds

\$ -

\$ -

\$ -

\$ -

Notes/Loans

\$ -

\$ -

\$ -

\$ -

Lease & SBITA** Liabilities [GASB 87 & 96]

\$ -

\$ -

\$ -

\$ -

Developer Advances

\$ -

\$ -

\$ -

\$ -

Other (specify):

\$ -

\$ -

\$ -

\$ -

TOTAL

\$ -

\$ -

\$ -

\$ -

**Subscription Based Information Technology Arrangements

*Must agree to prior year-end balance

Please answer the following questions by marking the appropriate boxes.

Yes

No

4-5 Does the entity have any authorized, but unissued, debt?

☒

☐

If yes: How much?

\$ 500,000,000.00

Date the debt was authorized:

11/8/2022

4-6 Does the entity intend to issue debt within the next calendar year?

☐

☒

If yes: How much?

\$ -

4-7 Does the entity have debt that has been refinanced that it is still responsible for?

☐

☒

If yes: What is the amount outstanding?

\$ -

4-8 Does the entity have any lease agreements?

☐

☒

If yes: What is being leased?

What is the original date of the lease?

Number of years of lease?

Is the lease subject to annual appropriation?

☐

☒

What are the annual lease payments?

\$ -

Part 4 - Please use this space to provide any explanations/comments or attach separate documentation, if needed

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

Amount

Total

5-1 YEAR-END Total of ALL Checking and Savings Accounts

\$ -

5-2 Certificates of deposit

\$ -

Total Cash Deposits

\$ -

Investments (if investment is a mutual fund, please list underlying investments)

\$ -

5-3

\$ -

\$ -

\$ -

Total Investments

\$ -

Total Cash and Investments

\$ -

Please answer the following questions by marking in the appropriate boxes

Yes

No

N/A

5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?

☒

☐

☐

5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?

☒

☐

☐

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes

No

6-1 Does the entity have capital assets?

☐

☒

6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, **MUST** explain:

☒

☐

6-3

Complete the following capital & right-to-use assets table:

	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased & SBITA Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation/Amortization (Please enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Part 6 - Please use this space to provide any explanations/comments or attach documentation, if needed:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

7-1 Does the entity have an "old hire" firefighters' pension plan?

☐

☒

7-2 Does the entity have a volunteer firefighters' pension plan?

☐

☒

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):

\$ -

State contribution amount:

\$ -

Other (gifts, donations, etc.):

\$ -

TOTAL

\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

\$ -

Part 7 - Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

N/A

8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? If no, **MUST** explain:

☒

☐

☐

8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, **MUST** explain:

☒

☐

☐

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General Fund	\$ 50,000

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

- 9-1** Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

☒

☐

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

- 10-1** Is this application for a newly formed governmental entity?

☒

☐

If yes: Date of formation: 2/9/2023

- 10-2** Has the entity changed its name in the past or current year?

☐

☒

If yes: Please list the NEW name & PRIOR name:

- 10-3** Is the entity a metropolitan district?

☒

☐

Please indicate what services the entity provides:

Sanitary, Storm Drainage, Water, Streets, Traffic and Safety Controls, Park and Recreations TV

- 10-4** Does the entity have an agreement with another government to provide services?

☐

☒

If yes: List the name of the other governmental entity and the services provided:

- 10-5** Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during

☐

☒

If yes: Date Filed:

- 10-6** Does the entity have a certified Mill Levy?

☐

☒

If yes: Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills

General/Other mills

Total mills

	-
	-
	-

Yes

No

N/A

- 10-7** **NEW 2023!** If the entity is a Title 32 Special District formed on or after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 [Section 32-1-207 C.R.S.]? If NO, please explain.

☒

☐

☐

Please use this space to provide any additional explanations or comments not previously included:

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box

YES

NO

12-1 If you plan to submit this form electronically, have you read the new Electronic Signature Policy?



Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or EchoSign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
 - b. Include electronic signatures obtained through a software program such as DocuSign or EchoSign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below.		A MAJORITY of the members of the governing body must sign below.
Board Member 1	Print Board Member's Name Kent Pedersen	I <u>Kent Pedersen</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kent Pedersen</u> Date: <u>Mar 25, 2024</u> My term Expires: <u>May 2027</u>
Board Member 2	Print Board Member's Name Jonathan Beckwitt	I <u>Jonathan Beckwitt</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Jonathan Beckwitt</u> Date: <u>Mar 25, 2024</u> My term Expires: <u>May 2027</u>
Board Member 3	Print Board Member's Name Debra Hessler	I <u>Debra Hessler</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Debra Hessler</u> Date: <u>Mar 25, 2024</u> My term Expires: <u>May 2027</u>
Board Member 4	Print Board Member's Name Jennifer Thornbloom	I <u>Jennifer Thornbloom</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: <u>May 2025</u>
Board Member 5	Print Board Member's Name Alexander Ray	I <u>Alexander Ray</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Alexander Ray</u> Date: <u>Mar 25, 2024</u> My term Expires: <u>May 2025</u>
Board Member 6	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT
ADDRESS

RRC Metropolitan District No. 5

304 Inverness Way South

Suite 490

Englewood, CO 80112

CONTACT PERSON

Diane Wheeler

PHONE

303-981-0386

EMAIL

Diane@simmonswheeler.com

For the Year Ended
12/31/23

or fiscal year ended:

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:

Diane Wheeler

TITLE

District Accountant

FIRM NAME (if applicable)

Simmons & Wheeler, P.C.

ADDRESS

304 Inverness Way South, Suite 490, Englewood, CO 80112

PHONE

303-689-0833

PREPARER (SIGNATURE REQUIRED)

DATE PREPARED

Diane K. Wheeler

Mar 24, 2024

Please indicate whether the following financial information is recorded
using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)

☒

PROPRIETARY
(CASH OR BUDGETARY BASIS)

☐

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ -	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ -	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM"

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

		Yes	No																																								
4-1	Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	☐	☒																																								
4-2	Is the debt repayment schedule attached? If no, MUST explain below: 	☐	☒																																								
4-3	Is the entity current in its debt service payments? If no, MUST explain below: 	☒	☐																																								
4-4	Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Outstanding at end of prior year</th> <th>Issued during year</th> <th>Retired during year</th> <th>Outstanding at year-end</th> </tr> </thead> <tbody> <tr> <td>General obligation bonds</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> </tr> <tr> <td>Revenue bonds</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> </tr> <tr> <td>Notes/Loans</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> </tr> <tr> <td>Lease & SBITA** Liabilities [GASB 87 & 96]</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> </tr> <tr> <td>Developer Advances</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> </tr> <tr> <td>Other (specify):</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> </tr> <tr> <td>TOTAL</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> </tr> </tbody> </table>		Outstanding at end of prior year	Issued during year	Retired during year	Outstanding at year-end	General obligation bonds	\$ -	\$ -	\$ -	\$ -	Revenue bonds	\$ -	\$ -	\$ -	\$ -	Notes/Loans	\$ -	\$ -	\$ -	\$ -	Lease & SBITA** Liabilities [GASB 87 & 96]	\$ -	\$ -	\$ -	\$ -	Developer Advances	\$ -	\$ -	\$ -	\$ -	Other (specify):	\$ -	\$ -	\$ -	\$ -	TOTAL	\$ -	\$ -	\$ -	\$ -		
	Outstanding at end of prior year	Issued during year	Retired during year	Outstanding at year-end																																							
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Other (specify):	\$ -	\$ -	\$ -	\$ -																																							
TOTAL	\$ -	\$ -	\$ -	\$ -																																							

**Subscription Based Information Technology Arrangements

*Must agree to prior year-end balance

		Yes	No
4-5	Does the entity have any authorized, but unissued, debt?	☒	☐
If yes:	How much? \$ 500,000,000.00 Date the debt was authorized: 11/8/2022		
4-6	Does the entity intend to issue debt within the next calendar year?	☐	☒
If yes:	How much? \$ -		
4-7	Does the entity have debt that has been refinanced that it is still responsible for?	☐	☒
If yes:	What is the amount outstanding? \$ -		
4-8	Does the entity have any lease agreements?	☐	☒
If yes:	What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? ☐ What are the annual lease payments? \$ -		

Part 4 - Please use this space to provide any explanations/comments or attach separate documentation, if needed

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2	Certificates of deposit	\$ -	
	Total Cash Deposits		\$ -
	Investments (if investment is a mutual fund, please list underlying investments):		
		\$ -	
		\$ -	
5-3		\$ -	
		\$ -	
	Total Investments		\$ -
	Total Cash and Investments		\$ -

Please answer the following questions by marking in the appropriate boxes

		Yes	No	N/A
5-4	Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	☒	☐	☐
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	☒	☐	☐

If no, **MUST** use this space to provide any explanations:

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes

No

6-1 Does the entity have capital assets?

☐
☒

6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, **MUST** explain:

☒
☐

6-3

Complete the following capital & right-to-use assets table:

	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased & SBITA Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation/Amortization (Please enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Part 6 - Please use this space to provide any explanations/comments or attach documentation, if needed:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

7-1 Does the entity have an "old hire" firefighters' pension plan?

☐
☒

7-2 Does the entity have a volunteer firefighters' pension plan?

☐
☒

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):

\$ -

State contribution amount:

\$ -

Other (gifts, donations, etc.):

\$ -

TOTAL

\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

\$ -

Part 7 - Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

N/A

8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? If no, **MUST** explain:

☒
☐
☐

8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, **MUST** explain:

☒
☐
☐

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General Fund	\$ 50,000

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

- 9-1** Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

☒

☐

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

- 10-1** Is this application for a newly formed governmental entity?

☒

☐

If yes: Date of formation:

- 10-2** Has the entity changed its name in the past or current year?

☐

☒

If yes: Please list the NEW name & PRIOR name:

- 10-3** Is the entity a metropolitan district?

☒

☐

Please indicate what services the entity provides:

- 10-4** Does the entity have an agreement with another government to provide services?

☐

☒

If yes: List the name of the other governmental entity and the services provided:

- 10-5** Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during

☐

☒

If yes: Date Filed:

- 10-6** Does the entity have a certified Mill Levy?

☐

☒

If yes: Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills

General/Other mills

Total mills

	-
	-
	-

Yes

No

N/A

- 10-7** **NEW 2023!** If the entity is a Title 32 Special District formed on or after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 [Section 32-1-207 C.R.S.]? If NO, please explain.

☒

☐

☐

Please use this space to provide any additional explanations or comments not previously included:

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box

YES

NO

12-1

If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

☐

☐

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or EchoSign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
 - b. Include electronic signatures obtained through a software program such as DocuSign or EchoSign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below.		A MAJORITY of the members of the governing body must sign below.
Board Member 1	Print Board Member's Name Kent Pedersen	I <u>Kent Pedersen</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kent Pedersen</u> Date: <u>Mar 25, 2024</u> My term Expires: <u>May 2027</u>
Board Member 2	Print Board Member's Name Jonathan Beckwitt	I <u>Jonathan Beckwitt</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Jonathan Beckwitt</u> Date: <u>Mar 25, 2024</u> My term Expires: <u>May 2027</u>
Board Member 3	Print Board Member's Name Debra Hessler	I <u>Debra Hessler</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Debra Hessler</u> Date: <u>Mar 25, 2024</u> My term Expires: <u>May 2027</u>
Board Member 4	Print Board Member's Name Jennifer Thornbloom	I <u>Jennifer Thornbloom</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: <u>May 2025</u>
Board Member 5	Print Board Member's Name Alexander Ray	I <u>Alexander Ray</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Alexander Ray</u> Date: <u>Mar 25, 2024</u> My term Expires: <u>May 2025</u>
Board Member 6	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT
ADDRESS

RRC Metropolitan District No. 6

304 Inverness Way South

Suite 490

Englewood, CO 80112

CONTACT PERSON

Diane Wheeler

PHONE

303-981-0386

EMAIL

Diane@simmonswheeler.com

For the Year Ended
12/31/23
or fiscal year ended:

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:

Diane Wheeler

TITLE

District Accountant

FIRM NAME (if applicable)

Simmons & Wheeler, P.C.

ADDRESS

304 Inverness Way South, Suite 490, Englewood, CO 80112

PHONE

303-689-0833

PREPARER (SIGNATURE REQUIRED)

DATE PREPARED

Diane K. Wheeler

Mar 24, 2024

Please indicate whether the following financial information is recorded
using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)

☒

PROPRIETARY
(CASH OR BUDGETARY BASIS)

☐

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ -	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ -	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP** You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM"

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

		Yes	No	
4-1	Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	☐	☒	
4-2	Is the debt repayment schedule attached? If no, MUST explain below: 	☐	☒	
4-3	Is the entity current in its debt service payments? If no, MUST explain below: 	☒	☐	
4-4	Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)			
	Outstanding at end of prior year	Issued during year	Retired during year	
	Outstanding at year-end			
	General obligation bonds	\$ -	\$ -	\$ -
	Revenue bonds	\$ -	\$ -	\$ -
	Notes/Loans	\$ -	\$ -	\$ -
	Lease & SBITA** Liabilities [GASB 87 & 96]	\$ -	\$ -	\$ -
	Developer Advances	\$ -	\$ -	\$ -
	Other (specify):	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -

**Subscription Based Information Technology Arrangements

*Must agree to prior year-end balance

		Yes	No
Please answer the following questions by marking the appropriate boxes.			
4-5	Does the entity have any authorized, but unissued, debt?	☒	☐
If yes:	How much?		
	\$ 500,000,000.00		
	Date the debt was authorized:		
	11/8/2022		
4-6	Does the entity intend to issue debt within the next calendar year?	☐	☒
If yes:	How much?		
	\$ -		
4-7	Does the entity have debt that has been refinanced that it is still responsible for?	☐	☒
If yes:	What is the amount outstanding?		
	\$ -		
4-8	Does the entity have any lease agreements?	☐	☒
If yes:	What is being leased?		
	What is the original date of the lease?		
	Number of years of lease?		
	Is the lease subject to annual appropriation?	☐	☒
	What are the annual lease payments?		
	\$ -		

Part 4 - Please use this space to provide any explanations/comments or attach separate documentation, if needed

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2	Certificates of deposit	\$ -	
	Total Cash Deposits		\$ -
	Investments (if investment is a mutual fund, please list underlying investments)		
		\$ -	
5-3		\$ -	
		\$ -	
		\$ -	
		\$ -	
	Total Investments		\$ -
	Total Cash and Investments		\$ -

Please answer the following questions by marking in the appropriate boxes

		Yes	No	N/A
5-4	Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	☒	☐	☐
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	☒	☐	☐

If no, **MUST** use this space to provide any explanations:

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes

No

6-1 Does the entity have capital assets?

☐
☒

6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, **MUST** explain:

☒
☐

6-3

Complete the following capital & right-to-use assets table:

	Balance - beginning of the year	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased & SBITA Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation/Amortization (Please enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Part 6 - Please use this space to provide any explanations/comments or attach documentation, if needed:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

7-1 Does the entity have an "old hire" firefighters' pension plan?

☐
☒

7-2 Does the entity have a volunteer firefighters' pension plan?

☐
☒

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):

\$ -

State contribution amount:

\$ -

Other (gifts, donations, etc.):

\$ -

TOTAL

\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

\$ -

Part 7 - Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

N/A

8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? If no, **MUST** explain:

☒
☐
☐

8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, **MUST** explain:

☒
☐
☐

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General Fund	\$ 50,000

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box.

Yes

No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

☒

☐

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

10-1 Is this application for a newly formed governmental entity?

☒

☐

If yes: Date of formation:

10-2 Has the entity changed its name in the past or current year?

☐

☒

If yes: Please list the NEW name & PRIOR name:

10-3 Is the entity a metropolitan district?

☒

☐

Please indicate what services the entity provides:

10-4 Does the entity have an agreement with another government to provide services?

☐

☒

If yes: List the name of the other governmental entity and the services provided:

10-5 Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during

☐

☒

If yes: Date Filed:

10-6 Does the entity have a certified Mill Levy?

☐

☒

If yes:

Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills

General/Other mills

Total mills

Yes

No

N/A

10-7 **NEW 2023!** If the entity is a Title 32 Special District formed on or after 7/1/2000, has the entity filed its preceding year annual report with the State Auditor as required under SB 21-262 [Section 32-1-207 C.R.S.]? If NO, please explain.

☒

☐

☐

Please use this space to provide any additional explanations or comments not previously included:

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box.

YES

NO

12-1 If you plan to submit this form electronically, have you read the new Electronic Signature Policy?

☒

☐

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

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- 1) Submit the application in hard copy via the US Mail including original signatures.
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 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or EchoSign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below.		A MAJORITY of the members of the governing body must sign below.
Board Member 1	Print Board Member's Name Kent Pedersen	I <u>Kent Pedersen</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kent Pedersen</u> Date: Mar 25, 2024 My term Expires: <u>May 2027</u>
Board Member 2	Print Board Member's Name Jonathan Beckwitt	I <u>Jonathan Beckwitt</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Jonathan Beckwitt</u> Date: Mar 25, 2024 My term Expires: <u>May 2027</u>
Board Member 3	Print Board Member's Name Debra Hessler	I <u>Debra Hessler</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Debra Hessler</u> Date: Mar 25, 2024 My term Expires: <u>May 2027</u>
Board Member 4	Print Board Member's Name Jennifer Thornbloom	I <u>Jennifer Thornbloom</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: <u>May 2025</u>
Board Member 5	Print Board Member's Name Alexander Ray	I <u>Alexander Ray</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Alexander Ray</u> Date: Mar 25, 2024 My term Expires: <u>May 2025</u>
Board Member 6	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____