

**REATA RIDGE VILLAGE  
METROPOLITAN DISTRICT NOS. 1 & 2**

**2023 ANNUAL REPORT**

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NOS. 1 & 2

### 2023 CONSOLIDATED ANNUAL REPORT TO THE TOWN OF PARKER

Pursuant to §32-1-207(3)(c), C.R.S. and the Consolidated Service Plan for Reata Ridge Village Metropolitan District Nos. 1 & 2 (the “**Districts**”), the Districts are required to provide an annual report to the Town of Parker (the “**Town**”). The report is to include information concerning matters which occurred during the prior fiscal year.

For the year ending December 31, 2023, the Districts make the following report:

#### Service Plan Requirements

- 1. A narrative summary of the progress of the Districts in implementing the Service Plan for the report year.**

The Districts continue to make progress in the implementation of the service plan with no further amendments to the plan since January 17, 2017. The developer has completed the construction of all public improvements, and the District has finalized cost certifications for reimbursement of costs related to the public improvements.

- 2. Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (*i.e.*, balance sheet) as of December 31 of the report year and the statement of operations (*i.e.*, revenues and expenditures) for the report year.**

The 2023 Audits are attached as **Exhibit A**.

- 3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of Public Improvements in the report year, as well as any public improvements proposed to be undertaken in the five (5) years following the report year.**

The Districts’ did not incur any capital expenditures in development of public improvements in the report year. The Districts do not intend to undertake any public improvements in the five (5) years following the report year.

- 4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new Districts indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the Districts in the**

**report year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the report year and the current mill levy of the Districts pledged to debt retirement in the report year.**

The 2023 Audits disclose a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new indebtedness or long-term obligations of the Districts issued in the report year, and the amount of payment or retirement of existing indebtedness of the Districts in the report year.

Copies of the total assessed valuation of all taxable property within the Districts for the report year, as certified by the Douglas County Assessor, are attached hereto as **Exhibit B**.

The current mill levy of the Districts pledged to debt retirement in the report year is:

District No. 1: 47.700 mills (imposed in 2023 for collection in 2024)

District No. 2: 40.891 mills (imposed in 2023 for collection in 2024)

**5. The Districts' budget for the calendar year in which the annual report is submitted.**

The 2023 budgets are attached hereto as **Exhibit C**.

**6. A summary of the residential and commercial development in the Districts for the report year.**

All building permits and certificates of occupancy were issued prior to 2023 for the residential development of the 91 Lots. No building permits or certificates of occupancy were issued in 2023 for the commercial development lots.

The Quarterly reports are attached as **Exhibit D**.

**7. A summary of all fees, charges and assessments imposed by the Districts as of January 1 of the report year.**

The 2023 Audits are attached as **Exhibit A**.

**8. Certification of the Boards that no action, event or condition enumerated in Town Code section 10.11.060 has occurred in the report year, or certification that such event has occurred but that an amendment to the Service Plan allows such event has been approved by Town Council.**

To the best of our knowledge, no action, event or condition enumerated in Town Code section 10.11.060 occurred in 2023.

**9. The name, business address and telephone number of each member of the Boards and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Boards.**

DISTRICT NOS. 1 & 2 BOARD MEMBERS

Molly Dixon, Secretary/Treasurer 8231 East Prentice Ave., Greenwood Village, CO 80111 720-529-2858	John Jagger, Vice President 8231 East Prentice Ave., Greenwood Village, CO 80111 720-529-2826
Mark DeRose, President 8231 East Prentice Ave., Greenwood Village, CO 80111 720-529-2828	

GENERAL COUNSEL:

Clint C. Waldron, Esq.  
White Bear Ankele Tanaka & Waldron  
Attorneys at Law  
2154 East Commons Avenue, Suite 2000  
Centennial, CO 80122  
303-858-1800

REGULAR MEETINGS:

November 6, 2024 at 10:00 a.m., by telephone, electronic or other means and/or in person with a predetermined meeting location within the District.

**10. Certification from the Boards and an External Financial Advisor that the Districts are in compliance with all provisions of the Service Plan.**

Certificate of External Financial Advisor provided in connection with the issuance of the Subordinate Limited Tax General Obligation Bonds, Series 2019B(3), dated December 31, 2019 and issued by Reata Ridge Village Metropolitan District No. 2 is attached hereto as **Exhibit E**.

To the best of the Boards' actual knowledge, the Districts are in compliance with all provisions of the Service Plan.

**11. A copy of the most recent notice issued by the Districts, pursuant to Section 32-1-809, C.R.S.**

Copies of the most recent notices issued by the Districts, pursuant to Section 32-1-809, C.R.S are attached hereto as **Exhibit F** and are also posted on the Districts' websites.

**§32-1-207(3), C.R.S. Statutory Requirements**

**12. Boundary changes made.**

There were no boundary changes made to the Districts' boundaries in 2023.

**13. Intergovernmental agreements entered into or terminated with other governmental entities.**

The Districts did not enter into or terminate any intergovernmental agreements with other governmental entities in 2023.

**14. Access information to obtain a copy of rules and regulations adopted by the board.**

As of December 31, 2023, the Districts had not adopted any rules and regulations.

**15. A summary of litigation involving public improvements owned by the Districts.**

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts' public improvements as of December 31, 2023.

**16. The status of the construction of public improvements by the Districts.**

All construction of public improvements were completed prior to 2023.

**17. A list of facilities or improvements constructed by the Districts that were conveyed or dedicated to the county or municipality.**

No public improvements were dedicated or conveyed in 2023.

**18. The final assessed valuation of the Districts as of December 31<sup>st</sup> of the reporting year.**

The 2023 final assessed valuations as certified by the Douglas County Assessor for the Districts are attached hereto as **Exhibit B**.

**19. A copy of the current year’s budget.**

The 2023 budgets are attached hereto as **Exhibit C**.

**20. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.**

The 2023 Audits are attached hereto as **Exhibit A**.

**21. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the Districts.**

There were no uncured events of default that continued beyond a ninety (90) day period, under any Debt instrument.

**22. Any inability of the Districts to pay their obligations as they come due under any obligation which continues beyond a ninety (90) day period.**

The Districts did not experience any inability to pay their obligations as they came due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

**EXHIBIT A**  
2023 Audits

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report



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Board of Directors  
Reata Ridge Village Metropolitan District No. 1  
Douglas County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 1 (the “District”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 1 as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

## Other Matters

### Required Supplemental Information

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

### Supplemental Information

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

### Continuing Disclosure Annual Financial Information

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

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

*Wipfli LLP*

Wipfli LLP  
Denver, Colorado

July 29, 2024

# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

## BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>					
Cash	\$ 69,456	\$ -	\$ 69,456	\$ -	\$ 69,456
Cash - restricted	894	4,300	5,194	-	5,194
Receivable - County Treasurer	201	1,045	1,246	-	1,246
Property taxes receivable	33,491	255,769	289,260	-	289,260
Due from District No. 2	<u>1,750</u>	<u>-</u>	<u>1,750</u>	<u>-</u>	<u>1,750</u>
Total Assets	<u>\$ 105,792</u>	<u>\$ 261,114</u>	<u>\$ 366,906</u>	<u>-</u>	<u>366,906</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,114	\$ -	\$ 5,114	-	5,114
Due to District #2	<u>-</u>	<u>5,345</u>	<u>5,345</u>	<u>-</u>	<u>5,345</u>
Total Liabilities	<u>5,114</u>	<u>5,345</u>	<u>10,459</u>	<u>-</u>	<u>10,459</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property taxes	<u>33,491</u>	<u>255,769</u>	<u>289,260</u>	<u>-</u>	<u>289,260</u>
Total Deferred Inflows of Resources	<u>33,491</u>	<u>255,769</u>	<u>289,260</u>	<u>-</u>	<u>289,260</u>
<b>FUND BALANCES/NET POSITION</b>					
Fund Balances:					
Restricted:					
Emergencies	894	-	894	(894)	-
Assigned:					
Subsequent years disbursements	44,053	-	44,053	(44,053)	-
Unassigned	<u>22,240</u>	<u>-</u>	<u>22,240</u>	<u>(22,240)</u>	<u>-</u>
Total Fund Balances	<u>67,187</u>	<u>-</u>	<u>67,187</u>	<u>(67,187)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 105,792</u>	<u>\$ 261,114</u>	<u>\$ 366,906</u>		
 Net Position:					
Restricted for:					
Emergencies				894	894
Unrestricted				<u>66,293</u>	<u>66,293</u>
Total Net Position				<u>\$ 67,187</u>	<u>\$ 67,187</u>

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

# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>					
Accounting and audit	\$ 11,421	\$ -	\$ 11,421	\$ -	\$ 11,421
Insurance	2,436	-	2,436	-	2,436
Legal	9,786	-	9,786	-	9,786
Miscellaneous expenses	265	-	265	-	265
Transfers to District No. 2	-	187,694	187,694	-	187,694
Treasurer's fees	502	2,612	3,114	-	3,114
Paying agent fees	3,500	-	3,500	-	3,500
Total Expenditures	27,910	190,306	218,216	-	218,216
<b>GENERAL REVENUES</b>					
Property taxes	33,489	174,109	207,598	-	207,598
Specific ownership taxes	3,106	16,145	19,251	-	19,251
Interest income	10	52	62	-	62
Total General Revenues	36,605	190,306	226,911	-	226,911
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	8,695	-	8,695	-	8,695
<b>NET CHANGES IN FUND BALANCES</b>	8,695	-	8,695	(8,695)	
<b>CHANGE IN NET POSITION</b>				8,695	8,695
<b>FUND BALANCES/NET POSITION:</b>					
BEGINNING OF YEAR	58,492	-	58,492	-	58,492
END OF YEAR	\$ 67,187	\$ -	\$ 67,187	\$ -	\$ 67,187

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

# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2023

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 33,489	\$ 33,489	\$ -
Specific ownership taxes	2,009	3,106	1,097
Interest income	-	10	10
Total Revenues	35,498	36,605	1,107
<b>EXPENDITURES</b>			
Accounting and audit	12,600	11,421	1,179
Dues	175	-	175
Election expense	2,000	-	2,000
Insurance	3,015	2,436	579
Legal	7,500	9,786	(2,286)
Miscellaneous expenses	1,000	265	735
Treasurer's fees	502	502	-
Paying agent fees	2,500	3,500	(1,000)
Transfer to District No. 2 Debt Service	26,000	-	26,000
Contingency	34,495	-	34,495
Emergency reserve	879	-	879
Total Expenditures	90,666	27,910	62,756
<b>NET CHANGE IN FUND BALANCE</b>	(55,168)	8,695	63,863
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	55,168	58,492	3,324
END OF YEAR	\$ -	\$ 67,187	\$ 67,187

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

# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements December 31, 2023

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Reata Ridge Village Metropolitan District No. 1, located in the Town of Parker, Douglas 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 May 20, 2016, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the property owners and taxpayers of the District. The District's primary revenues are 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.

#### 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.



# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements December 31, 2023

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 for 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. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

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.

### Budgetary Accounting

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.

# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements December 31, 2023

On November 8, 2023, the District amended its total appropriations in the Debt Service Fund from \$184,556 to \$190,000 primarily due to the receipt of specific ownership taxes above the amount budgeted and transferred to Reata Ridge Village Metropolitan District No. 2 (“District No. 2”) pursuant to the Capital Pledge Agreement (see Note 7).

The District’s Debt Service Fund over-expended its appropriations by \$306, which may be a violation of State Budget Law.

### Assets, Liabilities and Net Position

#### Fair Value of Financial Instruments

The District’s financial instruments include cash, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023, 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

The District’s cash is considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition.

The District follows the practice of pooling cash 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.

#### 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any 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 assets 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 item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements December 31, 2023

### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the 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.

### Fund Balance

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 \$894 of the General Fund balance has been restricted in compliance with this requirement.

#### 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.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2023

The assigned fund balance in the amount of \$44,053 in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2024.

Unassigned Fund Balance

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

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

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.

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

As of December 31, 2023, cash is classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash	\$ 69,456
Cash – restricted	<u>5,194</u>
	<u>\$ 74,650</u>

Cash as of December 31, 2023, consists of the following:

Deposits with financial institutions	<u>\$ 74,650</u>
--------------------------------------	------------------

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2023

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 does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Note 3: Long Term Debt

As of December 31, 2023, the District had remaining voted debt authorization of approximately \$103,761,000. The District has not budgeted to issue any additional debt in 2024. Per the District and District No. 2’s Service Plan and the Intergovernmental Agreement with the Town of Parker, the Districts shall have the authority to issue debt for regional improvements in an amount not to exceed \$6,600,000.

Note 4: Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed by the Board Members.

Note 5: 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.

# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements December 31, 2023

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.

### Note 6: 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.

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 7: Intergovernmental Agreements

On December 5, 2017, the District and District No. 2 (together, the "Districts") entered into an Intergovernmental Agreement with the Town of Parker (the "Town"). Under this agreement, the Districts must obtain the approval of the Town Council prior to any inclusion of property outside of the service area into the boundaries of the District. Prior to the issuance of any privately placed debt, the Districts shall obtain a certificate from an External Financial Advisor certifying the reasonableness of the interest rate and the structure. The Agreement requires the Districts to dedicate the public improvements to the Town or other appropriate jurisdiction or owners association for ownership and maintenance consistent with the final approved plat(s) and subdivision agreements for the Property located within the Districts' boundaries, other rules and regulations of the Town, and applicable provisions of the Town Code. The Districts shall not be authorized to operate and maintain any part or all of the Public Improvements. Per the Agreement, the Districts shall not issue debt in excess of \$6,600,000.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2023

Capital Pledge Agreement

On December 31, 2019, the District and District No. 2 entered into a Capital Pledge Agreement. Under the Capital Pledge Agreement, the District pledged the Senior and Subordinate Capital Revenue to the repayment of District No. 2's Series 2019A and Series 2019B<sub>(3)</sub> Bonds from revenues generated from the imposition of a capital mill levy. The District shall impose an ad valorem mill levy upon all taxable property of the District each year sufficient (when combined with other revenues of the District and District No. 2) to pay annual bond costs, replenish District No. 2's Reserve Fund to the reserve requirement, if necessary, and fund the Surplus Fund but not in excess of 47.678 mills less the District's Operations Levy (as described in the Pledge Agreement), subject to adjustment. The Capital Pledge Agreement will terminate on the first date on which no District obligations are outstanding, provided, however, that in no event shall the term of this Agreement extend beyond the Maximum Debt Mill Levy Imposition Term (as described in the Pledge Agreement).

SUPPLEMENTAL INFORMATION



# REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2023

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 174,109	\$ 174,109	\$ 174,109	\$ -
Specific ownership taxes	10,447	10,447	16,145	5,698
Interest income	<u>-</u>	<u>5,444</u>	<u>52</u>	<u>(5,392)</u>
Total Revenues	<u>184,556</u>	<u>190,000</u>	<u>190,306</u>	<u>306</u>
<b>EXPENDITURES</b>				
Transfers to District No. 2	181,944	187,388	187,694	(306)
Treasurer's fees	<u>2,612</u>	<u>2,612</u>	<u>2,612</u>	<u>-</u>
Total Expenditures	<u>184,556</u>	<u>190,000</u>	<u>190,306</u>	<u>(306)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE:</b>				
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.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2023

<u>Levy Year Ended December 31,</u>	<u>Collection Year Ended December 31,</u>	<u>Assessed Valuation</u>	<u>% Increase</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
				<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected (1)</u>	
2018	2019	\$ 1,489,230	0.00%	47.347	0.000	\$ 70,511	\$ 70,511	100.00%
2019	2020	\$ 1,846,500	23.99%	17.798	29.880	\$ 88,037	\$ 88,038	100.00%
2020	2021	\$ 3,051,100	65.24%	10.871	36.807	\$ 145,470	\$ 145,471	100.00%
2021	2022	\$ 3,764,330	23.38%	8.813	38.865	\$ 179,476	\$ 179,475	100.00%
2022	2023	\$ 4,238,600	12.60%	7.901	41.077	\$ 207,598	\$ 207,598	100.00%
2023	2024	\$ 5,362,040	26.50%	6.246	47.700	\$ 289,260		

**NOTE**

(1) 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.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

CONTINUING DISCLOSURE ANNUAL  
FINANCIAL INFORMATION

December 31, 2023

(Unaudited)

**History of Assessed Valuations and Mill Levies for District No. 1**

Levy Year	Collection Year	Assessed Valuation	Percent Increase	Debt Service Mill Levy
2019	2020	1,846,500	0%	29.880
2020	2021	3,051,100	65%	36.807
2021	2022	3,764,330	23%	38.865
2022	2023	4,238,600	13%	41.077
2023	2024	5,362,040	27%	47.700

**Property Tax Collections in District No. 1**

Levy Year	Collection Year	Debt Service Taxes Levied	Debt Service Current Tax Collections (1)	Current Collections as % of Tax Levied
2019	2020	55,173	55,174	100%
2020	2021	112,302	112,302	100%
2021	2022	146,301	146,300	100%
2022	2023	174,109	174,109	100%
2023	2024	255,769		

(1) Figures are through December 31, 2023

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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Board of Directors  
Reata Ridge Village Metropolitan District No. 2  
Douglas County, Colorado

Independent Auditor’s Report

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 2 (the “District”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 2 as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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



## Other Matters

### Required Supplemental Information

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

### Supplemental Information

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

### Continuing Disclosure Annual Financial Information

Management is responsible for the continuing disclosure annual financial information included in our audit report. The continuing disclosure annual financial information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the continuing disclosure annual financial information, and, accordingly, we do not express an opinion or provide any assurance on them.

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



Wipfli LLP  
Denver, Colorado  
July 29, 2024

**REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2023

	<u>General</u>	Debt <u>Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
<b>ASSETS</b>					
Cash and investments	\$ 72,062	\$ -	\$ 72,062	\$ -	\$ 72,062
Cash and investments - Restricted	878	543,552	544,430	-	544,430
Receivable - County Treasurer	201	525	726	-	726
Property taxes receivable	33,493	117,186	150,679	-	150,679
Due from District No. 1	<u>-</u>	<u>5,345</u>	<u>5,345</u>	<u>-</u>	<u>5,345</u>
Total Assets	<u>\$ 106,634</u>	<u>\$ 666,608</u>	<u>\$ 773,242</u>	<u>-</u>	<u>773,242</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,114	\$ -	\$ 3,114	-	3,114
Due to District No. 1	1,750	-	1,750	-	1,750
Accrued interest on bonds	-	-	-	18,583	18,583
Long-term liabilities:					
Due within one year	-	-	-	65,303	65,303
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,477,314</u>	<u>10,477,314</u>
Total Liabilities	<u>4,864</u>	<u>-</u>	<u>4,864</u>	<u>10,561,200</u>	<u>10,566,064</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property taxes	<u>33,493</u>	<u>117,186</u>	<u>150,679</u>	<u>-</u>	<u>150,679</u>
Total Deferred Inflows of Resources	<u>33,493</u>	<u>117,186</u>	<u>150,679</u>	<u>-</u>	<u>150,679</u>
<b>FUND BALANCES/NET POSITION</b>					
Fund Balances:					
Restricted:					
Emergencies	878	-	878	(878)	-
Debt service	-	549,422	549,422	(549,422)	-
Assigned:					
Subsequent years disbursements	39,964	-	39,964	(39,964)	-
Unassigned	<u>27,435</u>	<u>-</u>	<u>27,435</u>	<u>(27,435)</u>	<u>-</u>
Total Fund Balances	<u>68,277</u>	<u>549,422</u>	<u>617,699</u>	<u>(617,699)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 106,634</u>	<u>\$ 666,608</u>	<u>\$ 773,242</u>		
Net Position:					
Restricted for:					
Emergencies				878	878
Debt service				530,839	530,839
Unrestricted				<u>(10,475,218)</u>	<u>(10,475,218)</u>
Total Net Position				<u>\$ (9,943,501)</u>	<u>\$ (9,943,501)</u>

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

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>					
Accounting and audit	\$ 11,721	\$ -	\$ 11,721	\$ -	\$ 11,721
Insurance	2,436	-	2,436	-	2,436
Legal	9,791	-	9,791	-	9,791
Miscellaneous expenses	260	-	260	-	260
Treasurer's fees	502	1,313	1,815	-	1,815
Bond principal	-	45,000	45,000	(45,000)	-
Bond interest expense	-	225,250	225,250	113,713	338,963
Paying agent fees	1,500	-	1,500	-	1,500
Developer advances - interest	-	-	-	256,034	256,034
	26,210	271,563	297,773	324,747	622,520
<b>GENERAL REVENUES</b>					
Property taxes	33,492	87,539	121,031	-	121,031
Specific ownership taxes	3,106	8,118	11,224	-	11,224
Transfer from District #1	-	187,694	187,694	-	187,694
Interest income	-	28,711	28,711	-	28,711
	36,598	312,062	348,660	-	348,660
<b>NET CHANGES IN FUND BALANCES</b>	10,388	40,499	50,887	(50,887)	
<b>CHANGE IN NET POSITION</b>				(273,860)	(273,860)
<b>FUND BALANCES/NET POSITION:</b>					
BEGINNING OF YEAR	57,889	508,923	566,812	(10,236,453)	(9,669,641)
END OF YEAR	\$ 68,277	\$ 549,422	\$ 617,699	\$ (10,561,200)	\$ (9,943,501)

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

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2023

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 33,492	\$ 33,492	\$ -
Specific ownership taxes	<u>2,010</u>	<u>3,106</u>	<u>1,096</u>
Total Revenues	<u>35,502</u>	<u>36,598</u>	<u>1,096</u>
<b>EXPENDITURES</b>			
Accounting and audit	12,600	11,721	879
Dues	650	-	650
Election expense	2,000	-	2,000
Insurance	3,050	2,436	614
Legal	7,500	9,791	(2,291)
Miscellaneous expenses	1,000	260	740
Treasurer's fees	502	502	-
Paying agent fees	2,500	1,500	1,000
Repay developer advances	2,600	-	2,600
Transfer to debt service	26,529	-	26,529
Contingency	7,940	-	7,940
Emergency reserve	<u>894</u>	<u>-</u>	<u>894</u>
Total Expenditures	<u>67,765</u>	<u>26,210</u>	<u>41,555</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(32,263)</b>	<b>10,388</b>	<b>42,651</b>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>32,263</u>	<u>57,889</u>	<u>25,626</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 68,277</u>	<u>\$ 68,277</u>

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

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

#### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Reata Ridge Village Metropolitan District No. 2, located in the Town of Parker, Douglas 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 November 28, 2017, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the property owners and taxpayers of the District. The District's primary revenues are property taxes and transfers from Reata Ridge Village Metropolitan District No. 1 (“District No. 1”). 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.

#### 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

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements

December 31, 2023

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 for 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.

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.

#### Budgetary Accounting

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.

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

#### 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, 2023, 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

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.

The District follows the practice of pooling cash 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.

#### 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any 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 assets 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 item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Bond Premium

The Bond Premium from the Series 2019A Bonds in the original amount of \$225,184 is being amortized over the respective terms of the bonds using the interest/straight-line method. Accumulated amortization of the bond premium amounted to \$40,822 at December 31, 2023.

#### 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.

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

#### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the 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.

#### Fund Balance

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 \$878 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$549,422 is restricted for the payment of the debt service costs associated with the Series 2019A and Series 2019B<sup>(3)</sup> Bonds (see Note 3).

#### 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.



## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

#### 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.

The assigned fund balance in the General Fund in the amount of \$39,964 represents the amount appropriated for use in the budget for the year ending December 31, 2024.

#### 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.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

#### 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.

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.

The District has a deficit in unrestricted net position as of December 31, 2023. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements that were conveyed to other governmental entities and which costs were removed from the District's financial records.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2023

Note 2: Cash and investments

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

Statement of Net Position:	
Cash and investments	\$ 72,062
Cash and investment – Restricted	<u>544,430</u>
Total	<u>\$ 616,492</u>

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

Deposits with financial institutions	\$ 75,180
Investments – CSAFE	<u>541,312</u>
	<u>\$ 616,492</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 does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

The District categorizes its fair value measurements 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. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost. The District’s investments are not required to be categorized within the fair value hierarchy. This investments’ values are calculated using the net asset value method (NAV) per share.

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

#### Credit Risk

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

#### Interest Rate Risk

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

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

#### CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust ("CSAFE"), is rated AAmmf by Fitch Ratings with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE offers shares in two portfolios, one of which is CSAFE Cash Fund. CSAFE Cash Fund may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records identify the investments owned by CSAFE. At December 31, 2023, the District had \$541,312 invested in CSAFE held by a trustee.

#### Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2023, is as follows:

#### Series 2019A Limited Tax General Obligation Bonds

The District issued \$4,510,000 of Limited Tax General Obligation Bonds, Series 2019A (the "Series 2019A Bonds") dated December 31, 2019. The Series 2019A Bonds were issued for the purposes of funding the costs of public improvements for the benefit of the District and District No. 1, providing capitalized interest for payment of a portion of the interest of the Series 2019A Bonds, funding the Series 2019A Reserve Fund and paying the costs of issuance of the Series 2019A Bonds. The Series 2019A Bonds bear interest at the rate of 5.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2020. The Series 2019A Bonds are secured by Pledged Revenues including the Issuer Senior Required Mill Levy (as defined in the Indenture of Trust for the Series 2019A Bonds or the

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

“Series 2019A Indenture”), the District No. 1 Senior Required Mill Levy (as defined in the Series 2019A Indenture), specific ownership taxes attributable to the Issuer’s and District No. 1’s Senior Required Mill Levies and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Senior Indenture Trustee for application as Senior Pledged Revenue. The Series 2019A Bonds are also secured by a Reserve Requirement in the amount of \$348,250 and a Surplus Fund Requirement of \$451,000. As long as the amount on deposit in the Surplus Fund is less than the Surplus Fund Requirement, the Required Mill levy shall equal 50 mills from the District and 47.678 mills, subject to adjustment, from District No. 1 less their respective Operations Levies. As of December 31, 2023, the District has \$346,750 deposited in the Reserve Fund and \$182,097 deposited in the Surplus Fund.

The Series 2019A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2022. The Series 2019A Bonds are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2024, and on any date thereafter, upon payment of the principal so redeemed and accrued interest thereon to the date of redemption, plus a redemption premium as follows:

3% of the amount redeemed from December 1, 2024 to November 30, 2025  
2% of the amount redeemed from December 1, 2025 to November 30, 2026  
1% of the amount redeemed from December 1, 2026 to November 30, 2027  
Redemptions on and after December 1, 2027 are at par

#### Series 2019B<sub>(3)</sub> Subordinate Limited Tax General Obligation Bonds

On December 31, 2019, the District issued \$1,229,000 of Subordinate Limited Tax General Obligation Bonds (the “Series 2019B<sub>(3)</sub> Bonds”). The Series 2019B<sub>(3)</sub> Bonds were issued for the purposes of funding the costs of public improvements for the benefit of the District and District No. 1 and paying the costs of issuance of the Series 2019B<sub>(3)</sub> Bonds. The Series 2019B<sub>(3)</sub> Bonds bear interest at the rate of 8.00%, payable annually on December 15, commencing on December 15, 2020, to the extent that Subordinate Pledged Revenue is available. The Series 2019B<sub>(3)</sub> Bonds are secured by Pledged Revenues including the Issuer Subordinate Required Mill Levy (as defined in the Indenture of Trust for the Series 2019B<sub>(3)</sub> Bonds or the “Series 2019B<sub>(3)</sub> Indenture”), the District No. 1 Subordinate Required Mill Levy (as defined in the Series 2019B<sub>(3)</sub> Indenture), specific ownership taxes attributable to the Issuer’s and District No. 1’s Subordinate Required Mill Levies and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue.

The Series 2019B<sub>(3)</sub> Bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Subordinate Pledged Revenue for payment. In the event any amounts due and owing on the Series 2019B<sub>(3)</sub> Bonds remain outstanding on December 16, 2059, such amounts shall be deemed discharged and shall no longer be due and outstanding.

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

#### Developer Advances - Capital

On December 5, 2017, the District and Reata Ridge Realty Partners, LLC (the “Developer”) entered into an Infrastructure Acquisition and Reimbursement Agreement (the “Acquisition Agreement”). Pursuant to the Acquisition Agreement, the Districts acknowledged that the Developer had incurred certain costs related to the public infrastructure for the benefit of the District and District No. 1 (the “Districts”) and expects to incur additional costs. Per the Acquisition Agreement, the Districts will reimburse the Developer for all District Eligible Costs to the extent constituting Repayment Obligations (as defined in the Acquisition Agreement), acquire Public Infrastructure constructed for the benefit of the Districts from the Developer that is not being dedicated to other governmental entities, and to pay all reasonable costs thereto and reimburse the Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties on behalf of the Districts. The Repayment Obligation shall bear simple interest at a rate of 8% per annum from the date any such Repayment Obligation is incurred, to the earlier of the date a Reimbursement Obligation (as defined in the Acquisition Agreement) is issued or the date of payment of such amount in full. The Districts intend to repay all District Eligible Costs, together with interest thereon, subject to annual appropriation and budget approval. In 2018, 2019 and 2020, the District repaid Developer Advances in the amount of \$5,173, \$4,918,935 and \$849, respectively. As of December 31, 2023, the principal amount of the reimbursement obligation under the Acquisition Agreement was \$3,200,426 along with accrued interest in the amount of \$1,023,989.

#### Developer Advances - Operations

On December 5, 2017, the District and the Developer entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the “O&M Agreement”). Pursuant to the O&M Agreement, the Developer agrees to loan the District and District No. 1 (the “Districts”), one or more sums of money as requested by the Districts for the Costs (as defined in the O&M Agreement) incurred or to be incurred by the Districts and the Districts acknowledged that the Developer had incurred Costs on behalf of the Districts prior to the execution of this Agreement. The Reimbursement Obligation (as defined in the O&M Agreement) shall bear simple interest at a rate of 8% per annum from the date any such advance is made, to the earlier of the date a Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount. The term for repayment of this obligation shall not extend beyond 40 years from the date of this agreement and shall be specifically subject to the Districts’ electoral and Service Plan authorization. The Districts intend to repay any advances for Costs from ad valorem taxes, fees or other legally available revenues from the Districts, net of any debt service or current operations and maintenance costs of the Districts. Any mill levy certified by the Districts for the purposes of repaying advances made hereunder shall not exceed 50 mills and shall be further subject to any restrictions provided in the Districts’ Service Plan, electoral authorizations or any applicable laws. In 2018 and 2019, the District repaid Developer Advances in the amount of \$21,918 and \$5,309, respectively. As of December 31, 2023, there are no amounts due under the O&M Agreement.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2023

The following is an analysis of changes in long-term debt for the year ending December 31, 2023:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Current Portion
<i>General Obligation Bonds</i>					
Limited Tax General Obligation Bonds Series 2019A	\$ 4,505,000	\$ -	\$(45,000)	\$ 4,460,000	\$ 55,000
Subordinate Limited Tax General Obligation Bonds Series 2019B(3)	1,229,000	-	-	1,229,000	-
Subordinate Limited Tax General Obligation Bonds Series 2019B(3) - Accrued Interest	320,532	124,308	-	444,840	-
Bond premium - Series 2019A	194,769	-	(10,407)	184,362	10,303
Total	6,249,301	124,308	(55,407)	6,318,202	65,303
<i>Other</i>					
Developer Advance - Capital	3,200,426	-	-	3,200,426	-
Developer accrued interest - Capital	767,955	256,034	-	1,023,989	-
Total	3,968,381	256,034	-	4,224,415	-
	<u>\$10,217,682</u>	<u>\$380,342</u>	<u>\$(55,407)</u>	<u>\$10,542,617</u>	<u>\$65,303</u>

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2019A Bonds.

	Principal	Interest	Total
2024	\$ 55,000	\$ 223,000	\$ 278,000
2025	55,000	220,250	275,250
2026	65,000	217,500	282,500
2027	65,000	214,250	279,250
2028	75,000	211,000	286,000
2029-2033	480,000	992,000	1,472,000
2034-2038	690,000	852,250	1,542,250
2039-2043	975,000	652,500	1,627,500
2044-2048	1,335,000	374,500	1,709,500
2049	665,000	33,250	698,250
	<u>\$4,460,000</u>	<u>\$3,990,500</u>	<u>\$ 8,450,500</u>

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

As of December 31, 2023, the District had remaining voted debt authorization of approximately \$103,761,000. The District has not budgeted to issue any additional debt in 2024. Per the District and District No. 1's Service Plan and the Intergovernmental Agreement with the Town of Parker, the Districts shall have the authority to issue debt for regional improvements in an amount not to exceed \$6,600,000.

Note 4: Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 5: 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.

Note 6: 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.

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2023

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 7: 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 have the following elements:

- 1) Long-term liabilities such as bonds payable, developer advances and accrued developer advance/bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

- 1) 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; and
- 2) 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 8: Intergovernmental Agreements

##### Town of Parker Intergovernmental Agreement

On December 5, 2017, the District and District No. 1 entered into an Intergovernmental Agreement with the Town of Parker (the "Town"). Under this agreement, the Districts must obtain the approval of the Town Council prior to any inclusion of property outside of the service area into the boundaries of the Districts. Prior to the issuance of any privately placed debt, the Districts shall obtain a certificate from an External Financial Advisor certifying the reasonableness of the interest rate and the structure. The Agreement requires the Districts to dedicate the public improvements to the Town or other appropriate jurisdiction or owners association for ownership and maintenance consistent with the final approved plat(s) and subdivision agreements for the Property located within the Districts' boundaries, other rules and regulations of the Town, and applicable provisions of the Town Code. The District shall not be authorized to operate and maintain any part or all of the Public Improvements. Per the Agreement, the Districts shall not issue debt in excess of \$6,600,000.



REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2023

Capital Pledge Agreement

On December 31, 2019, the District and District No. 1 entered into a Capital Pledge Agreement. Under the Capital Pledge Agreement, District No. 1 pledged the Senior and Subordinate Capital Revenue to the repayment of the District's Series 2019A and Series 2019B<sup>(3)</sup> Bonds from revenues generated from the imposition of a capital mill levy. District No. 1 shall impose an ad valorem mill levy upon all taxable property of District No. 1 each year sufficient (when combined with other revenues of District No. 1 and the District) to pay annual bond costs, replenish the District's Reserve Fund to the reserve requirement, if necessary, and fund the Surplus Fund but not in excess of 47.678 mills less the District No. 1 Operations Levy (as described in the Pledge Agreement), subject to adjustment. The Capital Pledge Agreement will terminate on the first date on which no District obligations are outstanding, provided, however, that in no event shall the term of this Agreement extend beyond the Maximum Debt Mill Levy Imposition Term (as described in the Pledge Agreement).

SUPPLEMENTAL INFORMATION

## REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2023

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 87,539	\$ 87,539	\$ -
Specific ownership taxes	5,252	8,118	2,866
Transfer from District #1	207,944	187,694	(20,250)
Transfer from General Fund	26,529	-	(26,529)
Interest income	<u>-</u>	<u>28,711</u>	<u>28,711</u>
Total Revenues	<u>327,264</u>	<u>312,062</u>	<u>(15,202)</u>
<b>EXPENDITURES</b>			
Bond principal	45,000	45,000	-
Bond interest expense	225,250	225,250	-
Miscellaneous expenses	200	-	200
Treasurer's fees	<u>1,313</u>	<u>1,313</u>	<u>-</u>
Total Expenditures	<u>271,763</u>	<u>271,563</u>	<u>200</u>
<b>NET CHANGE IN FUND BALANCE</b>	55,501	40,499	(15,002)
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>529,276</u>	<u>508,923</u>	<u>(20,353)</u>
END OF YEAR	<u><u>\$ 584,777</u></u>	<u><u>\$ 549,422</u></u>	<u><u>\$ (35,355)</u></u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2023

<b>Levy Year Ended December 31,</b>	<b>Collection Year Ended December 31,</b>	<b>Assessed Valuation</b>	<b>Mills Levied</b>		<b>Total Property Tax</b>		<b>Percent Collected to Levied</b>
			<b>General Fund</b>	<b>Debt Service</b>	<b>Levied</b>	<b>Collected (1)</b>	
2018	2019	\$ 869,410	50.000	0.000	\$ 43,471	\$ 43,471	100.00%
2019	2020	\$ 861,240	38.159	11.841	\$ 43,062	\$ 43,062	100.00%
2020	2021	\$ 1,767,850	18.767	31.233	\$ 88,392	\$ 88,392	100.00%
2021	2022	\$ 2,216,590	14.967	35.033	\$ 110,830	\$ 110,830	100.00%
2022	2023	\$ 2,420,620	13.836	36.164	\$ 121,031	\$ 121,031	100.00%
2023	2024	\$ 2,865,820	11.687	40.891	\$ 150,679		

**NOTE**

(1) 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.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

CONTINUING DISCLOSURE ANNUAL  
FINANCIAL INFORMATION

December 31, 2023

(Unaudited)

**History of Assessed Valuations and Debt Service Mill Levies for the District**

Levy Year	Collection Year	Assessed Valuation	Percent Increase	Mill Levy
2019	2020	861,240	0%	11.841
2020	2021	1,767,850	105%	31.233
2021	2022	2,216,590	25%	35.033
2022	2023	2,420,620	9%	36.164
2023	2024	2,865,820	18%	40.891

**Debt Service Property Tax Collections in the District**

Levy Year	Collection Year	Taxes Levied	Current Tax Collections (1)	Collections as % of Tax Levied
2019	2020	10,198	10,198	100%
2020	2021	55,215	55,215	100%
2021	2022	77,654	77,654	100%
2022	2023	87,539	87,539	100%
2023	2024	117,186		

(1) Figures are through December 31, 2023

**EXHIBIT B**  
2023 Final Assessed Valuations

# CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4582 - Reata Ridge Village Metro District 1

IN DOUGLAS COUNTY ON 12/22/2023

New Entity: No

<b>USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY</b>
--

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2023 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$4,238,600
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$5,362,040
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$5,362,040
5. NEW CONSTRUCTION: **	\$345,060
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND ( 29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

\* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

\*\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

# Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

## Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

<b>USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY</b>
---

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2023 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2023

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$79,390,922
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$5,150,170
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
--	-----

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2023

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	\$0
--	-----

\*\* The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.



# CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4583 - Reata Ridge Village Metro District 2

IN DOUGLAS COUNTY ON 12/22/2023

New Entity: No

<b>USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY</b>
--

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2023 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$2,420,620
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$2,865,820
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$2,865,820
5. NEW CONSTRUCTION: **	\$201,270
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND ( 29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

\* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

\*\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

# Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

## Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

<b>USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY</b>
---

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2023 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2023

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$8,554,478
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$721,386
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
--	-----

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2023

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	\$0
--	-----

\*\* The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.

**EXHIBIT C**  
2023 Budgets

**REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1**  
**2023**  
**BUDGET MESSAGE**

Attached please find a copy of the adopted 2023 budget for the Reata Ridge Village Metropolitan District No. 1.

The Reata Ridge Village Metropolitan District No. 1 has adopted two funds, a General Fund to provide for the payment of general operating expenditures and the repayment of developer advances; and a Debt Service Fund to provide for the transfer to Reata Ridge Village Metropolitan District No. 2 for the payments on general obligation debt.

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 2023 will be property taxes. The district intends to impose a 48.978 mill levy on the property within the district for 2023, of which 7.901 mills will be dedicated to the General Fund and 41.077 mills will be dedicated to the Debt Service Fund.

**Reata Ridge Village Metropolitan District No. 1**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2023**

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>6/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 38,639	\$ 32,831	\$ 47,234	\$ 47,234	\$ 55,168
Revenues:					
Property taxes	33,169	33,175	33,175	33,175	33,489
Specific ownership taxes	3,199	2,321	1,441	2,321	2,009
Interest income	39	-	19	40	-
Total revenues	<u>36,407</u>	<u>35,496</u>	<u>34,635</u>	<u>35,536</u>	<u>35,498</u>
Total funds available	<u>75,046</u>	<u>68,327</u>	<u>81,869</u>	<u>82,770</u>	<u>90,666</u>
Expenditures:					
Accounting / audit	12,248	12,600	3,206	11,612	12,600
Election	-	2,000	-	-	2,000
Legal	7,422	7,500	2,146	4,500	7,500
Insurance	2,644	2,750	2,899	2,899	3,015
Dues	-	175	-	-	175
Miscellaneous	-	1,000	45	100	1,000
Paying agent fees	5,000	2,500	-	2,500	2,500
Treasurer's Fees	498	498	498	498	502
Transfer to District No. 2 Debt Service	-	5,493	-	5,493	26,000
Contingency	-	32,940	-	-	34,495
Emergency reserve (3%)	-	871	-	-	879
Total expenditures	<u>27,812</u>	<u>68,327</u>	<u>8,794</u>	<u>27,602</u>	<u>90,666</u>
Ending fund balance	<u>\$ 47,234</u>	<u>\$ -</u>	<u>\$ 73,075</u>	<u>\$ 55,168</u>	<u>\$ -</u>
Assessed valuation	<u>3,051,100</u>	<u>3,764,330</u>			<u>4,238,600</u>
Mill Levy	<u>10.871</u>	<u>8.813</u>			<u>7.901</u>

**Reata Ridge Village Metropolitan District No. 1**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2023**

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>6/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	112,302	146,301	146,300	146,301	174,109
Specific ownership taxes	10,830	10,241	6,357	10,241	10,447
Interest income	<u>133</u>	<u>-</u>	<u>85</u>	<u>150</u>	<u>-</u>
Total revenues	<u>123,265</u>	<u>156,542</u>	<u>152,742</u>	<u>156,692</u>	<u>184,556</u>
Total funds available	<u>123,265</u>	<u>156,542</u>	<u>152,742</u>	<u>156,692</u>	<u>184,556</u>
Expenditures:					
Transfer to District #2	121,578	154,347	150,546	154,496	181,944
Treasurer's fees	<u>1,687</u>	<u>2,195</u>	<u>2,196</u>	<u>2,196</u>	<u>2,612</u>
Total expenditures	<u>123,265</u>	<u>156,542</u>	<u>152,742</u>	<u>156,692</u>	<u>184,556</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation	<u>\$ 3,051,100</u>	<u>\$ 3,764,330</u>			<u>\$ 4,238,600</u>
Mill Levy	<u>36.807</u>	<u>38.865</u>			<u>41.077</u>
Total Mill Levy	<u>47.678</u>	<u>47.678</u>			<u>48.978</u>

**REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**2023**  
**BUDGET MESSAGE**

Attached please find a copy of the adopted 2023 budget for the Reata Ridge Village Metropolitan District No. 2.

The Reata Ridge Village Metropolitan District No. 2 has adopted two separate funds, a General Fund to provide for the payment of general operating expenditures; and a Debt Service Fund to provide for payments on the outstanding and proposed general obligation debt.

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 sources of revenue for the district in 2023 will be property taxes and transfers from Reata Ridge Village Metropolitan District No. 1. The district intends to impose a 50.000 mill levy on the property within the district for 2023, of which 13.836 mills will be dedicated to the General Fund and the balance of 36.164 mills will be dedicated to the Debt Service Fund.

**Reata Ridge Village Metropolitan District No. 2**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2023**

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>6/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 38,678	\$ 30,885	\$ 46,956	\$ 46,956	\$ 32,263
Revenues:					
Property taxes	33,177	33,176	33,176	33,176	33,492
Specific ownership taxes	3,200	2,322	1,441	2,322	2,010
Interest income	241	-	19	40	-
	<u>36,618</u>	<u>35,498</u>	<u>34,636</u>	<u>35,538</u>	<u>35,502</u>
Total revenues					
	<u>36,618</u>	<u>35,498</u>	<u>34,636</u>	<u>35,538</u>	<u>35,502</u>
Total funds available	<u>75,296</u>	<u>66,383</u>	<u>81,592</u>	<u>82,494</u>	<u>67,765</u>
Expenditures:					
Accounting / audit	12,748	12,600	3,206	11,900	12,600
Election	-	2,000	-	-	2,000
Legal	7,422	7,500	2,146	4,300	7,500
Insurance	2,669	2,800	2,924	2,924	3,050
Dues	-	650	-	-	650
Miscellaneous	-	1,000	44	100	1,000
Paying agent fees	5,000	2,500	-	2,500	2,500
Treasurer's Fees	501	498	498	498	502
Repay developer advances	-	2,600	-	2,600	2,600
Transfer to debt service	-	25,409	-	25,409	26,529
Contingency	-	7,940	-	-	7,940
Emergency reserve (3%)	-	886	-	-	894
	<u>28,340</u>	<u>66,383</u>	<u>8,818</u>	<u>50,231</u>	<u>67,765</u>
Total expenditures					
	<u>28,340</u>	<u>66,383</u>	<u>8,818</u>	<u>50,231</u>	<u>67,765</u>
Ending fund balance	<u>\$ 46,956</u>	<u>\$ -</u>	<u>\$ 72,774</u>	<u>\$ 32,263</u>	<u>\$ -</u>
Assessed valuation	<u>1,767,850</u>	<u>2,216,590</u>			<u>2,420,620</u>
Mill Levy	<u>18.767</u>	<u>14.967</u>			<u>13.836</u>

**Reata Ridge Village Metropolitan District No. 2**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2023**

	Actual <u>2021</u>	Adopted Budget <u>2021</u>	Actual <u>6/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 534,769	\$ 522,435	\$ 490,953	\$ 490,953	\$ 529,276
Revenues:					
Property taxes	55,215	77,654	77,654	77,654	87,539
Specific ownership taxes	5,325	5,436	3,374	5,436	5,252
Transfer from General Fund	-	25,409	-	25,409	26,529
Transfer from District #1	121,578	159,840	150,546	159,989	207,944
Interest income	400	-	798	1,500	-
	<u>182,518</u>	<u>268,339</u>	<u>232,372</u>	<u>269,988</u>	<u>327,264</u>
Total revenues					
	<u>182,518</u>	<u>268,339</u>	<u>232,372</u>	<u>269,988</u>	<u>327,264</u>
Total funds available	<u>717,287</u>	<u>790,774</u>	<u>723,325</u>	<u>760,941</u>	<u>856,540</u>
Expenditures:					
Interest expense senior bonds	225,500	225,500	112,750	225,500	225,250
principal senior bonds	-	5,000	-	5,000	45,000
Miscellaneous	-	200	-	-	200
Treasurer's fees	834	1,165	1,165	1,165	1,313
	<u>226,334</u>	<u>231,865</u>	<u>113,915</u>	<u>231,665</u>	<u>271,763</u>
Total expenditures					
	<u>226,334</u>	<u>231,865</u>	<u>113,915</u>	<u>231,665</u>	<u>271,763</u>
Ending fund balance	<u>\$ 490,953</u>	<u>\$ 558,909</u>	<u>\$ 609,410</u>	<u>\$ 529,276</u>	<u>\$ 584,777</u>
Assessed valuation	<u>\$ 1,767,850</u>	<u>\$ 2,216,590</u>			<u>\$ 2,420,620</u>
Mill Levy	<u>31.233</u>	<u>35.033</u>			<u>36.164</u>
Total Mill Levy	<u>50.000</u>	<u>50.000</u>			<u>50.000</u>



**EXHIBIT D**  
Quarterly Reports

**APPENDIX A  
(To Continuing Disclosure Agreement)**

**FORM OF QUARTERLY REPORT**

**REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2  
IN THE TOWN OF PARKER, DOUGLAS COUNTY, COLORADO**

**\$4,510,000  
LIMITED TAX  
GENERAL OBLIGATION BONDS  
SERIES 2019A**

**\$1,229,000  
SUBORDINATE LIMITED TAX  
GENERAL OBLIGATION BONDS  
SERIES 2019B<sup>(3)</sup>**

Date of Report: December 31, 2023

All capitalized terms used and not otherwise defined in this report shall have the respective meanings assigned in the Continuing Disclosure Agreement (the "Agreement") entered into on December 31, 2019, by and among Reata Ridge Village Metropolitan District No. 2, in the Town of Parker, Douglas County, Colorado (the "District"), Reata Ridge Village Metropolitan District No. 1, in the Town of Parker, Douglas County, Colorado ("District No. 1"), Reata Ridge Realty Partners LLC, a Colorado limited liability company (the "Developer") and BOKF, n.a., Denver, Colorado, as trustee (the "Trustee"), under the Indentures (defined below) relating to the above-captioned bonds (the "Bonds"). Unless otherwise stated herein, capitalized terms shall have the meanings assigned them in the Limited Offering Memorandum dated December 16, 2019, pertaining to the Bonds, and all information contained herein is the most current information available as of the Date of Report specified above, and is provided with respect to development within the Development.

**Section 1. Development.** [Developer to complete; to be updated each quarter until the Development Completion Date.] Provide the following information with respect to property within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds.

(a) **Building Permits-Residential:** State the number of residential building permits issued by the Town of Parker within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds (if any such building permit is issued for any residential unit type other than a single-family detached residence, then please provide the following by residential unit type):

Last Quarter: 0 Cumulatively: 91

(b) **Certificates of Occupancy-Residential:** State the number of residential certificates of occupancy issued by the Town of Parker within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds (if any such certificates of occupancy is issued for any residential unit type other than a single-family detached residence, then please provide the following by residential unit type):

Last Quarter: 0 Cumulatively: 91

(c) **Building Permits-Commercial:** The total square footage of commercial building permits issued by the Town of Parker within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds:

Last Quarter: 0 Cumulatively: 4

(d) **Certificates of Occupancy-Commercial:** The total square footage of commercial certificates of occupancy issued by the Town of Parker within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds:

Last Quarter: 0 Cumulatively: 4

(e) **Other Activity.** In the event that the Developer's site development plan has changed materially from that described in the Limited Offering Memorandum, please describe such change in the Developer's site development plan.

(f) **Zoning.** Describe any changes to the zoning of the property initiated by the Developer or of which the Developer has been given written notice by other owners of property within the Development since the last Quarterly Report (including any amendments to any final plan, sketch plat, preliminary development plans, or final development plans).

**Section 2. Inclusions and Exclusions. [District and District No. 1 to complete, as applicable; to be updated each quarter until the Development Completion Date.]** Describe any property, by parcel designation and acreage, which has been included within or excluded from the boundaries of the District or District No. 1, as applicable, since the last Quarterly Report, if applicable.

**Section 3. Fund Balances and Transfers. [District to complete, based upon information received from the Trustee; to be updated each quarter on and prior to the Development Completion Date, and to be updated annually after the Development Completion Date.]**

The amount on deposit in each of the following funds is set forth below, as of December 31, 2023.

(a) the amount on deposit in the Senior Project Fund is \$ 0.00 ;

(b) the amount on deposit in the Senior Bond Fund is \$ 12,464.91 ;

(c) the amount on deposit in the Senior Reserve Fund is \$ 346,749.57 ;

(d) the amount on deposit in the Senior Surplus Fund is \$ 182,097.07 ;

(e) the amount on deposit in the Subordinate Project Fund is \$ 0.00 ;

and

(f) the amount on deposit in the Subordinate Bond Fund is \$ 0.00 .

**Section 4. Assessed Value, Actual Value and Mill Levies.** [District and District No. 1 to complete, as applicable, to be provided annually with the Quarterly Report due November 15, may be provided as part of the Audited Financial Statements filed under Section 5 below.]

The District shall complete and update the following tables:

**History of Assessed Valuations and Mill Levies for the District**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Increase</u>	<u>Mill Levy</u>
2019	2020			
2020	2021			
2021	2022			
2022	2023			
2023	2024			
<i>Future years as applicable</i>				

Source: Douglas County Assessor's Office.

**Property Tax Collections in the District**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Levied</u>	<u>Current Tax Collections<sup>(1)</sup></u>	<u>Current Collections as a % of Tax Levied</u>
2019	2020			
2020	2021			
2021	2022			
2022	2023			
2023	2024			
<i>Future years as applicable</i>				

<sup>(1)</sup> Figures are through \_\_\_\_\_, 20\_\_.  
Source: Douglas County Treasurer's Office.

District No. 1 shall complete and update the following tables:

**History of Assessed Valuations and Mill Levies for District No. 1**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Increase</u>	<u>Mill Levy</u>
2019	2020			
2020	2021			
2021	2022			
2022	2023			
2023	2024			
<i>Future years as applicable</i>				

Source: Douglas County Assessor's Office.

**Property Tax Collections in District No. 1**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Levied</u>	<u>Current Tax Collections<sup>(1)</sup></u>	<u>Current Collections as a % of Tax Levied</u>
2019	2020			
2020	2021			
2021	2022			
2022	2023			
2023	2024			
<i>Future years as applicable</i>				

<sup>(1)</sup> Figures are through \_\_\_\_\_, 20\_\_.  
Source: Douglas County Treasurer's Office.

**Section 5. Annual District Financial Information.** [District and District No. 1 to complete, as applicable; to be provided with the Quarterly Report indicated below.] Each of the annual information items set forth below must be provided only once each year as indicated below. Audited Financial Statements shall be provided with, and no later than, the appropriate Quarterly Report. The following information for which the appropriate box is checked is attached to this Quarterly Report:

\_\_\_\_\_ Audited Financial Statements of the District for the year ending \_\_\_\_\_.  
(Must be provided with the Quarterly Report due November 15.)

Annual budget of the District for fiscal year 2024. Such annual budget  has  has not been adopted by the Board of Directors of the District. (Must be provided with the Quarterly Report due February 15.)

\_\_\_\_\_ Audited Financial Statements of District No. 1 for the year ending \_\_\_\_\_ . (Must be provided with the Quarterly Report due November 15.)

  X   Annual budget of District No. 1 for fiscal year \_\_\_\_\_. Such annual budget   X   has \_\_\_\_\_ has not been adopted by the Board of Directors of District No. 1. (Must be provided with the Quarterly Report due February 15.)

**Section 6. Authorized Denominations. [District to complete; to be updated each quarter on and prior to the Development Completion Date, and to be updated annually after the Development Completion Date]**

The Bonds are presently outstanding in Authorized Denominations of:

  X   \$500,000 or any integral multiple of \$1,000 in excess thereof; or

\_\_\_\_\_ Pursuant to paragraph (c) of the definition of Authorized Denomination in the Indentures, the Authorized Denominations were reduced to \$1,000 or any integral multiple thereof on \_\_\_\_\_ [insert date].

[Signature/Certification on Following Page]

The information contained in this Quarterly Report has been obtained from sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness.

The party executing this report on behalf of each of the District and the Developer hereby certifies that he/she is authorized to execute this report on behalf of the party on whose behalf he/she has so executed. The Developer hereby further certifies as to the information provided in Section 1 only of the foregoing report, the District hereby further certifies as to the information provided in Sections 2 through 6 only of the foregoing report and that such information is, to the best of its knowledge, true, accurate and complete. This report may be executed below on counterpart signature pages.


REATA RIDGE VILLAGE METROPOLITAN  
DISTRICT NO. 2, in the Town of Parker, Douglas  
County, Colorado

By:   
\_\_\_\_\_  
President

REATA RIDGE VILLAGE METROPOLITAN  
DISTRICT NO. 1, in the Town of Parker, Douglas  
County, Colorado

By:   
\_\_\_\_\_  
President

REATA RIDGE REALTY PARTNERS LLC, a  
Colorado limited liability company

By:   
\_\_\_\_\_  
Name: Mark DeRose  
Title: Manager

[Signature/Certification Page to Quarterly Report]

**EXHIBIT E**

Certificate of External Financial Advisor





**North Slope Capital Advisors**

1630 Welton Street, Suite 802

Denver, CO 80202

303-953-4101

**REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2  
(IN THE TOWN OF PARKER, COLORADO)  
relating to**

**SUBORDINATE LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2019B<sup>(3)</sup>  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,229,000**

**CERTIFICATE OF THE EXTERNAL FINANCIAL ADVISOR**

The undersigned, authorized signatories of North Slope Capital Advisors, Denver, Colorado, are providing this certificate in connection with the issuance of the above referenced Subordinate Limited Tax General Obligation Bonds, Series 2019B<sup>(3)</sup> (the "Bonds"), dated December 31, 2019 and issued by Reata Ridge Village Metropolitan District No. 2 (the "District"). The undersigned hereby represents to the District as follows:

- 1) We are an External Financial Advisor within the meaning of the District's Amended and Restated Service Plan, approved on January 17, 2017, because we: (i) advise Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) are an independent registered municipal advisor and listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) are not officers or employees of the District and have not been otherwise engaged to provide services in connection with the transaction related to the applicable Bonds.
- 2) We certify that: (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by the District for the Bonds does not exceed a reasonable current tax-exempt interest rate, using criteria deemed appropriate by us and based upon our analysis of comparable high yield securities; and (2) the structure of the Bonds, including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

IN WITNESS WHEREOF, we have hereunto set our hands as of December 31, 2019.

Handwritten signature of Stephanie Chichester in black ink.

By: Stephanie Chichester

Its: President

Handwritten signature of Nick Taylor in black ink.

By: Nick Taylor

Its: Managing Director/CCO

**EXHIBIT F**  
Transparency Notices

**Reata Ridge Village Metropolitan District No. 1, Town of Parker, Douglas County, Colorado  
Disclosure Notice Pursuant to §32-1-809, C.R.S.**

**REQUESTED INFORMATION**

**RESPONSE**

<b>Address and telephone number of the principal business office</b>	c/o WHITE BEAR ANKELE TANAKA & WALDRON Attorneys at Law 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 303-858-1800	
<b>Name and business telephone number of the manager or other principal contact person for the District/board member contact information</b>	Clint C. Waldron, Esq. WHITE BEAR ANKELE TANAKA & WALDRON 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 Phone: 303-858-1800 Email: cwaldron@wbapc.com	
<b>Board members and re-election status of those members whose office will be on the ballot at the next regular election on May 6, 2025</b>  <b>*on ballot at the next regular election</b>	Mark DeRose, President	(term expires 2027)
	John Jagger, Vice President	(term expires 2027)
	Molly Dixon, Secretary/Treasurer	(term expires 2027)
	VACANT	(term expires 2025)*
	VACANT	(term expires 2025)*
<b>Regular meeting schedule and the place where notice of board meetings is posted pursuant to §24-6-402(2)(c), C.R.S.</b>	Regular meetings are scheduled for November 6, 2024 at 10:00 AM with a predetermined meeting location within the District or via teleconference. Notices of board meetings are posted at <a href="https://reataridgevillagemetro.org/">https://reataridgevillagemetro.org/</a> or when online posting is not available at the north side of Stroh Road across from Preservation Trail Road.	
<b>Current mill levy (2023), for collection in 2024</b>	6.246 mills - (general fund) 47.700 mills - (debt service fund) 0.000 mills - (capital projects fund)	
<b>Total ad valorem tax revenue received during the last year (2023)</b>	\$207,598 (unaudited)	
<b>Date of the next regular special district election of board members</b>	May 6, 2025	
<b>Procedure and timing to submit a self-nomination form for election to the Board(s) pursuant to §1-13.5-303, C.R.S. :</b> Pursuant to §1-13.5-303, C.R.S. any person interested in being a candidate for the Board must submit a self-nomination and acceptance form signed by the candidate and by a registered elector of the state as a witness to the candidate. On the date of signing the self-nomination form, the person desiring to serve on the Board must be an eligible elector of the District. The form or letter must be filed no earlier than January 1 and no later than the sixty-seventh (67 <sup>th</sup> ) day before the date of the next regular special district election. The form is filed with the Designated Election Official, or if none has been designated, the presiding officer or the secretary of the District at the address above. This form may be obtained by contacting the District's general counsel at (303) 858-1800. In place of the form, the candidate may submit a letter signed by the candidate and a registered elector of the state as witness to the signature of the candidate. Both the form and letter must state the following information: (1) name of the special district; (2) director office sought; (3) term of office sought; (4) date of the election; (5) full name of the candidate as it is to appear on the ballot; and (6) whether the candidate is a member of an executive board of a unit owners' association, as defined in §38-33.3-103, C.R.S., located within the boundaries of the District. A self-nomination form meeting the statutory requirements must be filed prior to 5:00 p.m. on the sixty-seventh (67 <sup>th</sup> ) day before the election.		
<b>Address of any website on which the special district's election results will be posted</b>	<a href="https://cdola.colorado.gov/local-government">https://cdola.colorado.gov/local-government</a> and <a href="https://reataridgevillagemetro.org/">https://reataridgevillagemetro.org/</a>	
<b>Information on the procedure to apply for permanent absentee voter status as described in §1-13.5-1003, C.R.S.</b>	A permanent absentee voter status request form may be obtained by contacting the District's general counsel at (303) 858-1800.	

**Reata Ridge Village Metropolitan District No. 2, Town of Parker, Douglas County, Colorado  
Disclosure Notice Pursuant to §32-1-809, C.R.S.**

**REQUESTED INFORMATION**

**RESPONSE**

<b>Address and telephone number of the principal business office</b>	c/o WHITE BEAR ANKELE TANAKA & WALDRON Attorneys at Law 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 303-858-1800	
<b>Name and business telephone number of the manager or other principal contact person for the District/board member contact information</b>	Clint C. Waldron, Esq. WHITE BEAR ANKELE TANAKA & WALDRON 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 Phone: 303-858-1800 Email: cwaldron@wbapc.com	
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	VACANT	(term expires 2025)*
<b>Regular meeting schedule and the place where notice of board meetings is posted pursuant to §24-6-402(2)(c), C.R.S.</b>	Regular meetings are scheduled for November 6, 2024 at 10:00 AM with a predetermined meeting location within the District or via teleconference. Notices of board meetings are posted at <a href="https://reataridgevillagemetro.org/">https://reataridgevillagemetro.org/</a> or when online posting is not available at the northeast corner of the intersection of South Parker Road and Stroh Road.	
<b>Current mill levy (2023), for collection in 2024</b>	11.687 mills - (general fund) 40.891 mills - (debt service fund) 0.000 mills - (capital projects fund)	
<b>Total ad valorem tax revenue received during the last year (2023)</b>	\$121,031 (unaudited)	
<b>Date of the next regular special district election of board members</b>	May 6, 2025	
<b>Procedure and timing to submit a self-nomination form for election to the Board(s) pursuant to §1-13.5-303, C.R.S. :</b> Pursuant to §1-13.5-303, C.R.S. any person interested in being a candidate for the Board must submit a self-nomination and acceptance form signed by the candidate and by a registered elector of the state as a witness to the candidate. On the date of signing the self-nomination form, the person desiring to serve on the Board must be an eligible elector of the District. The form or letter must be filed no earlier than January 1 and no later than the sixty-seventh (67 <sup>th</sup> ) day before the date of the next regular special district election. The form is filed with the Designated Election Official, or if none has been designated, the presiding officer or the secretary of the District at the address above. This form may be obtained by contacting the District's general counsel at (303) 858-1800. In place of the form, the candidate may submit a letter signed by the candidate and a registered elector of the state as witness to the signature of the candidate. Both the form and letter must state the following information: (1) name of the special district; (2) director office sought; (3) term of office sought; (4) date of the election; (5) full name of the candidate as it is to appear on the ballot; and (6) whether the candidate is a member of an executive board of a unit owners' association, as defined in §38-33.3-103, C.R.S., located within the boundaries of the District. A self-nomination form meeting the statutory requirements must be filed prior to 5:00 p.m. on the sixty-seventh (67 <sup>th</sup> ) day before the election.		
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