

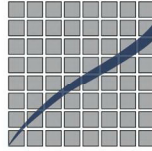
**OLD RANCH METROPOLITAN DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**OLD RANCH METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
ENTERPRISE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION	7
ENTERPRISE FUND – STATEMENT OF CASH FLOWS	8
NOTES TO BASIC FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	27
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	28
ENTERPRISE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE – BUDGET AND ACTUAL	29
ENTERPRISE FUND – RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	30
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	32



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Old Ranch Metropolitan District ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of December 31, 2022, the respective changes in financial position, the budgetary comparison for the general fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

BiggsKofford, P.C.

Colorado Springs, Colorado
August 25, 2023

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 199,585	\$ -	\$ 199,585
Cash and Investments - Restricted	140,291	87,446	227,737
Accounts Receivable - Intergovernmental	24,856	-	24,856
Note Receivable	-	1,040,223	1,040,223
Accounts Receivable	108,656	-	108,656
Prepaid Expenses	14,284	-	14,284
Capital Assets, Net	31,332,888	8,423,156	39,756,044
Total Assets	<u>31,820,560</u>	<u>9,550,825</u>	<u>41,371,385</u>
LIABILITIES			
Accounts Payable	211,992	5,569	217,561
Accrued Interest Payable	36,800	-	36,800
Noncurrent Liabilities:			
Due in More Than One Year	119,778,708	11,160,979	130,939,687
Total Liabilities	<u>120,027,500</u>	<u>11,166,548</u>	<u>131,194,048</u>
NET POSITION			
Net Investment in Capital Assets	7,272,107	-	7,272,107
Restricted for:			
Emergency Reserves	60,700	-	60,700
Indoor Pool	21,225	-	21,225
Unrestricted	<u>(95,560,972)</u>	<u>(1,615,723)</u>	<u>(97,176,695)</u>
Total Net Position	<u>\$ (88,206,940)</u>	<u>\$ (1,615,723)</u>	<u>\$ (89,822,663)</u>

See accompanying Notes to Basic Financial Statements.

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

	Program Revenues			Net Revenues (Expenses) and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government:							
Governmental Activities:							
General Government	\$ 3,695,337	\$ 560,613	\$ 1,459,562	\$ 10,165,000	\$ 8,489,838	\$ -	\$ 8,489,838
Interest and Related Costs on Long-Term Debt	5,233,700	-	540,227	-	(4,693,473)	-	(4,693,473)
Total Government Activities	<u>8,929,037</u>	<u>560,613</u>	<u>1,999,789</u>	<u>10,165,000</u>	<u>3,796,365</u>	<u>-</u>	<u>3,796,365</u>
Business-Type Activities:							
Enterprise	<u>1,075,188</u>	<u>297,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(777,932)</u>	<u>(777,932)</u>
Total	<u>\$ 10,004,225</u>	<u>\$ 857,869</u>	<u>\$ 1,999,789</u>	<u>\$ 10,165,000</u>	<u>3,796,365</u>	<u>(777,932)</u>	<u>3,018,433</u>
GENERAL REVENUES							
Net Investment Income					<u>8,069</u>	<u>1</u>	<u>8,070</u>
Total General Revenues					<u>8,069</u>	<u>1</u>	<u>8,070</u>
CHANGE IN NET POSITION							
					<u>3,804,434</u>	<u>(777,931)</u>	<u>3,026,503</u>
Net Position - Beginning of Year					<u>(92,011,374)</u>	<u>(837,792)</u>	<u>(92,849,166)</u>
NET POSITION - END OF YEAR					<u>\$ (88,206,940)</u>	<u>\$ (1,615,723)</u>	<u>\$ (89,822,663)</u>

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 199,585	\$ -	\$ -	\$ 199,585
Cash and Investments - Restricted	81,925	5,740	52,626	140,291
Accounts Receivable - Intergovernmental	20,640	4,216	-	24,856
Accounts Receivable	108,656	-	-	108,656
Prepaid Expenses	14,284	-	-	14,284
Total Assets	\$ 425,090	\$ 9,956	\$ 52,626	\$ 487,672
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 211,992	\$ -	\$ -	\$ 211,992
Total Liabilities	211,992	-	-	211,992
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	14,284	-	-	14,284
Restricted for:				
Emergencies (TABOR)	60,700	-	-	60,700
Indoor Pool	21,225	-	-	21,225
Debt Service	-	9,956	-	9,956
Unassigned:				
General Fund	116,889	-	-	116,889
Capital Projects Fund	-	-	52,626	52,626
Total Fund Balances	213,098	9,956	52,626	275,680
Total Liabilities and Fund Balances	\$ 425,090	\$ 9,956	\$ 52,626	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, net				31,332,888
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:				
Accrued Interest on Developer Advance				(43,797,295)
Developer Advance Payable				(65,697,892)
Long-term Note Payable				(1,040,223)
Bonds Payable				(7,680,000)
Bond Interest Payable - 2022				(36,800)
Bond Interest Payable - 2007B				(1,563,298)
Accrued Interest Payable				-
Net Position of Governmental Activities				\$ (88,206,940)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Intergovernmental Revenue	\$ 1,421,487	\$ 540,227	\$ 10,165,000	\$ 12,126,714
Net Investment Income	487	7,582	-	8,069
Indoor Pool Revenue	31,095	-	-	31,095
Grant Revenue	38,075	-	-	38,075
Recreation Center Fees	23,079	-	-	23,079
Recreation Center Fees - HOA	506,439	-	-	506,439
Total Revenues	<u>2,020,662</u>	<u>547,809</u>	<u>10,165,000</u>	<u>12,733,471</u>
EXPENDITURES				
Current:				
Accounting	83,733	-	5,026	88,759
Audit	16,975	-	-	16,975
Dues and Membership	3,656	-	-	3,656
Insurance and Bonds	33,333	-	-	33,333
District Management	59,647	-	-	59,647
Legal	37,219	-	-	37,219
Consulting Services	173,415	-	-	173,415
Miscellaneous	27,058	-	-	27,058
Gateway Park	560	-	-	560
Election Expense	5,147	-	-	5,147
Fence and Sign Maintenance	32,715	-	-	32,715
Landscape Maintenance	1,241,600	-	-	1,241,600
Landscaping	320	-	-	320
Pest Control	10,585	-	-	10,585
Engineering	-	-	2,791	2,791
Recreation Center	260,918	-	-	260,918
Cable/Telecom/WIFI	7,254	-	-	7,254
Storm Water Fees	27,053	-	-	27,053
Non-Potable Water Fees	224,717	-	-	224,717
Utilities	160,044	-	-	160,044
Repairs and Maintenance	-	-	260	260
Contingency	4,025	-	-	4,025
Debt Service:				
Bond Interest - Series 2007A	-	155,800	-	155,800
Bond Interest - Series 2007B	-	609,974	-	609,974
Bond Interest - Series 2022	-	261,280	-	261,280
Bond Principal - Series 2007A	-	5,870,000	-	5,870,000
Bond Principal - Series 2007B	-	1,300,000	-	1,300,000
Bond Issue Costs	-	37,500	-	37,500
Total Expenditures	<u>2,409,974</u>	<u>8,234,554</u>	<u>8,077</u>	<u>10,652,605</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(389,312)	(7,686,745)	10,156,923	2,080,866
OTHER FINANCING SOURCES (USES)				
Developer Advance	173,415	-	-	173,415
Bond Proceeds	-	7,680,000	-	7,680,000
Long-Term Note Advance	1,040,223	-	-	1,040,223
Repay Developer Advance	-	-	(10,165,000)	(10,165,000)
Total Other Financing Sources (Uses)	<u>1,213,638</u>	<u>7,680,000</u>	<u>(10,165,000)</u>	<u>(1,271,362)</u>
NET CHANGE IN FUND BALANCES	824,326	(6,745)	(8,077)	809,504
Fund Balance (Deficit) - Beginning of Year	(611,228)	16,701	60,703	(533,824)
FUND BALANCE - END OF YEAR	<u>\$ 213,098</u>	<u>\$ 9,956</u>	<u>\$ 52,626</u>	<u>\$ 275,680</u>

See accompanying Notes to Basic Financial Statements.

**OLD RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ 809,504

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation (1,277,286)

Long-term debt (e.g., issuance of bonds, the receipt of developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Current Year Bonds Principal Payment	7,170,000
Bond Proceeds	(7,680,000)
Long-Term Note	(1,040,223)
Developer Advances	(173,415)
Repayment of Developer Advances	10,165,000

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

Accrued Interest on Bonds - Change in Liability	426,418
Accrued Interest on Developer Advances - Change in Liability	<u>(4,595,564)</u>

Change in Net Position of Governmental Activities \$ 3,804,434

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

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 1,417,430	\$ 1,425,000	\$ 1,421,487	\$ (3,513)
Net Investment Income	300	300	487	187
Indoor Pool Revenue	30,000	30,000	31,095	1,095
Grant Revenue	-	-	38,075	38,075
Recreation Center Fees	30,000	30,000	23,079	(6,921)
Recreation Center Rental Fees	8,500	8,500	-	(8,500)
Recreation Center Fees - HOA	320,000	510,000	506,439	(3,561)
Total Revenues	<u>1,806,230</u>	<u>2,003,800</u>	<u>2,020,662</u>	<u>16,862</u>
EXPENDITURES				
Current:				
Accounting	95,000	95,000	83,733	11,267
Audit	15,000	15,000	16,975	(1,975)
Consulting Services	-	170,000	173,415	(3,415)
Dues and Membership	6,000	6,000	3,656	2,344
Insurance and Bonds	40,000	40,000	33,333	6,667
District Management	80,000	80,000	59,647	20,353
Legal	80,000	80,000	37,219	42,781
Miscellaneous	15,000	27,000	27,058	(58)
Gateway Park	3,500	3,500	560	2,940
Election Expense	8,000	8,000	5,147	2,853
Landscape Maintenance	865,000	1,300,000	1,241,600	58,400
Landscaping	3,000	3,000	320	2,680
Fence and Sign Maintenance	-	-	32,715	(32,715)
Recreation Center - Management	4,000	4,000	-	4,000
Recreation Center - Pool	20,000	130,000	126,573	3,427
Recreation Center - Utility - Water	20,000	20,000	6,785	13,215
Recreation Center - Other	10,000	10,000	9,865	135
Recreation Center - Utility - Electricity	5,000	5,000	9,298	(4,298)
Recreation Center - Utility - Gas	10,000	10,000	29,537	(19,537)
Recreation Center - Utility - Wastewater	5,000	5,000	2,312	2,688
Recreation Center - Trash Removal	3,000	3,000	4,650	(1,650)
Recreation Center - Repairs and Maintenance	80,000	80,000	71,898	8,102
Recreation Center - Cleaning Services	8,000	8,000	-	8,000
Cable/Telecom/WIFI	7,000	7,000	7,254	(254)
Storm Water Fees	50,000	50,000	27,053	22,947
Non-Potable Water Fees	155,000	250,000	224,717	25,283
Pest Control	7,000	7,000	10,585	(3,585)
Utilities	125,000	125,000	160,044	(35,044)
Contingency	8,500	58,500	4,025	54,475
Total Expenditures	<u>1,728,000</u>	<u>2,600,000</u>	<u>2,409,974</u>	<u>190,026</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	78,230	(596,200)	(389,312)	206,888
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	-	173,415	173,415
Long-Term Note Advance	-	1,050,000	1,040,223	(9,777)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,050,000</u>	<u>1,213,638</u>	<u>163,638</u>
NET CHANGE IN FUND BALANCE	78,230	453,800	824,326	370,526
Fund Balance (Deficit) - Beginning of Year	<u>64,329</u>	<u>64,329</u>	<u>(611,228)</u>	<u>(675,557)</u>
FUND BALANCE - END OF YEAR	\$ 142,559	\$ 518,129	\$ 213,098	\$ (305,031)

See accompanying Notes to Basic Financial Statements.

**OLD RANCH METROPOLITAN DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

OPERATING REVENUES	
Interest Income	\$ 1
Water Service Fees	297,256
Total Operating Revenues	<u>297,257</u>
OPERATING EXPENSES	
Facility Operations:	
Administrative Costs	5,472
Repairs and Maintenance	34,882
Utilities	64,088
Depreciation	313,144
Total Operating Expenses	<u>417,586</u>
OPERATING LOSS	(120,329)
NONOPERATING EXPENSES	
Interest Expense	(657,602)
Total Nonoperating Expenses	<u>(657,602)</u>
CHANGE IN NET POSITION	(777,931)
Total Net Position - Beginning of Year	<u>(837,792)</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ (1,615,723)</u></u>

See accompanying Notes to Basic Financial Statements.

**OLD RANCH METROPOLITAN DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 104,605
Payments to Suppliers	<u>(103,215)</u>
Net Cash Provided by Operating Activities	1,390

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>1</u>
Net Cash Provided by Investing Activities	<u>1</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

1,391

Cash and Cash Equivalents - Beginning of Year

86,055

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 87,446

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Loss	\$ (120,329)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	313,144
Increase in Accounts Receivable	(192,651)
Increase in Accounts Payable	<u>1,226</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,390</u></u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are intergovernmental revenues, recreation center fees, and indoor pool revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The District reports the following major proprietary funds:

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

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

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

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

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

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

Cash Equivalents

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

Interfund Balances

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

Capital Assets

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Equity

Net Position

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

Fund Balance

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

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

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments - Unrestricted	\$ 199,585
Cash and Investments - Restricted	<u>227,737</u>
Total Cash and Investments	<u><u>\$ 427,322</u></u>

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

Deposits with Financial Institutions	\$ 420,746
Investments	<u>6,576</u>
Total Cash and Investments	<u><u>\$ 427,322</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2022, the District’s cash deposits had a bank balance of \$420,746 and a carrying balance of \$420,746.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ <u>6,576</u>

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

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

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

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

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

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

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Governmental Activities:				
Capital Assets, Being Depreciated:				
Parks and Recreation Facilities	\$ 17,144,943	\$ -	\$ -	\$ 17,144,943
Storm Drainage	21,173,650	-	-	21,173,650
Total Capital Assets, Being Depreciated	38,318,593	-	-	38,318,593
Less Accumulated Depreciation for:				
Parks and Recreation Facilities	(3,741,998)	(571,498)	-	(4,313,496)
Storm Drainage	(1,966,421)	(705,788)	-	(2,672,209)
Total Accumulated Depreciation	(5,708,419)	(1,277,286)	-	(6,985,705)
Governmental Activities Capital Assets, Net	<u>\$ 32,610,174</u>	<u>\$ (1,277,286)</u>	<u>\$ -</u>	<u>\$ 31,332,888</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Non-Potable Water Systems	\$ 9,394,315	\$ -	\$ -	\$ 9,394,315
Total Capital Assets, Being Depreciated	9,394,315	-	-	9,394,315
Less Accumulated Depreciation for:				
Non-Potable Water Systems	(658,015)	(313,144)	-	(971,159)
Total Accumulated Depreciation	(658,015)	(313,144)	-	(971,159)
Business-Type Activities Capital Assets, Net	<u>\$ 8,736,300</u>	<u>\$ (313,144)</u>	<u>\$ -</u>	<u>\$ 8,423,156</u>

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

Governmental Activities:	
General Government	<u>\$ 1,277,286</u>
Business-Type Activities:	
Enterprise	<u>\$ 313,144</u>

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

NOTE 5 LONG-TERM OBLIGATIONS

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

	December 31, 2021	Additions	Retirements	December 31, 2022	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Series 2007 Activity:					
Series 2007A Convertible Capital Appreciation Bonds	\$ 5,870,000	\$ -	\$ 5,870,000	\$ -	\$ -
Series 2007B Taxable Subordinate Special Revenue Bonds	1,300,000	-	1,300,000	-	-
Interest on 2007B Sub Bonds	1,994,720	178,552	609,974	1,563,298	-
Series 2022 Activity:					
Series 2022 Refunding Bond	-	7,680,000	-	7,680,000	-
Subtotal Bonds Payable	<u>9,164,720</u>	<u>7,858,552</u>	<u>7,779,974</u>	<u>9,243,298</u>	<u>-</u>
Loans/Notes from Direct Borrowings/Direct Placements:					
Developer Advances	75,689,477	173,415	10,165,000	65,697,892	-
Interest on Developer Advances	39,201,731	4,595,564	-	43,797,295	-
Long-Term Note Advance	-	1,040,223	-	1,040,223	-
Subtotal Loans/Notes Payable	<u>114,891,208</u>	<u>5,809,202</u>	<u>10,165,000</u>	<u>110,535,410</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 124,055,928</u>	<u>\$ 13,667,754</u>	<u>\$ 17,944,974</u>	<u>\$ 119,778,708</u>	<u>\$ -</u>
Business-Type Activities:					
Loans/Notes from Direct Borrowings/Direct Placements:					
Developer Advances	\$ 9,394,314	\$ -	\$ -	\$ 9,394,314	\$ -
Interest on Developer Advances	1,109,063	657,602	-	1,766,665	-
Subtotal Loans/Notes Payable	<u>10,503,377</u>	<u>657,602</u>	<u>-</u>	<u>11,160,979</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 10,503,377</u>	<u>\$ 657,602</u>	<u>\$ -</u>	<u>\$ 11,160,979</u>	<u>\$ -</u>

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

Series 2007 Bonds Payable

On March 15, 2007, the District issued the following bonds (collectively, the Bonds): 1) \$5,696,114 Special Revenue Convertible Capital Appreciation Bonds, Series 2007A, with a value of \$6,355,000 at conversion date, and 2) \$1,300,000 Taxable Subordinate Special Revenue Bonds, Series 2007B. The Bonds were issued to reimburse the Developer for infrastructure acquired by the District. The Series 2007A Bonds bear interest at 6.50% per annum and the Series 2007B Bonds bear interest at 8.00% per annum.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2007 Bonds Payable (Continued)

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

The principal payment on the Series 2007A Bonds was not fully funded in 2021 and is not anticipated to be fully funded in 2022. The partial payment of principal does not constitute an event of default to the certified record of proceedings.

The Bonds are 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, 2016, for the Series 2007A and on December 2, 2010, for the Series 2007B, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

Further, the Series 2007A Bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2010, and on each December 1 thereafter, prior to the maturity date, upon payment of par and accrued interest, without redemption premium.

As of December 2, 2015, the interest on the 2007B Bonds was unable to be funded. Pursuant to the Bond Resolution, to the extent interest is not paid when due, such interest shall compound annually on each interest payment date. The amount of accrued unpaid interest on the 2007B Bonds is \$1,563,298 as of December 31, 2022.

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

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

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

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

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2022 Bonds Payable

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

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

Events of Default for the Bonds

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

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

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

Remedies on Occurrence of Event of Default for the Revenue Bonds

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

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

No Acceleration

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

As of December 31, 2022, the District was not in default.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 441,600	\$ 441,600
2024	30,000	441,600	471,600
2025	35,000	439,875	474,875
2026	65,000	437,863	502,863
2027	70,000	434,125	504,125
2028-2032	700,000	2,083,800	2,783,800
2033-2037	1,400,000	1,807,225	3,207,225
2038-2042	2,430,000	1,295,188	3,725,188
2043-2046	2,950,000	444,188	3,394,188
Total	<u>\$ 7,680,000</u>	<u>\$ 7,825,463</u>	<u>\$ 15,505,463</u>

Authorized Debt

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

	<u>Authorized November 5, 2002 Election</u>	<u>Authorization Used 2007 Bonds</u>	<u>Authorization Used 2022 Bonds</u>	<u>Remaining at December 31, 2022</u>
Streets	\$ 24,790,200	\$ 4,161,114	\$ -	\$ 20,629,086
Water	4,393,200	2,029,000	-	2,364,200
Sanitary Sewer and Storm				
Drainage	8,034,200	697,000	-	7,337,200
Parks and Recreation	15,062,400	109,000	-	14,953,400
Refunding of Debt	52,280,000	-	7,680,000	44,600,000
Total	<u>\$ 104,560,000</u>	<u>\$ 6,996,114</u>	<u>\$ 7,680,000</u>	<u>\$ 89,883,886</u>

Pursuant to the Joint Service Plan as amended on February 6, 2006, the Districts can issue bond indebtedness of up to \$7,000,000. In addition, the maximum debt service mill levy for the Districts is 16.500 mills, as adjusted for changes in the ratio of actual value to assessed value property within the Districts. As of December 31, 2022, the calculated adjusted debt service mill levy was 21.118 mills. For collection during 2022, Upper Cottonwood Creek Metropolitan District levied 21.118 mills and remitted the net property taxes to the District per agreement (see below).

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

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

For the year ended December 31, 2022, the District recognized a total of \$173,415 in Developer advances for operations and capital improvements.

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

As of December 31, 2022, outstanding Developer Advances under the agreement totaled \$65,697,892 and accrued interest totaled \$43,797,295.

NOTE 6 NET POSITION

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

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

As of December 31, 2022, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 31,332,888
Noncurrent Portion of Long-Term Obligations	<u>(24,060,781)</u>
Net Investment in Capital Assets	<u><u>\$ 7,272,107</u></u>

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

Restricted Net Position:	
Emergencies	\$ 60,700
Indoor Pool	<u>21,225</u>
Total Restricted Net Position	<u><u>\$ 81,925</u></u>

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

NOTE 6 NET POSITION (CONTINUED)

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

NOTE 7 RELATED PARTIES

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

NOTE 8 ECONOMIC DEPENDENCY

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

NOTE 9 AGREEMENTS

On January 14, 2003, the District entered into a District Facilities Construction and Service Agreement (IGA) with Upper Cottonwood Creek Metropolitan District. The IGA was amended on June 1, 2006, to include Upper Cottonwood Creek Metropolitan District Nos. 2 – 5. The IGA provides that the District is to construct, own, maintain and operate the facilities benefiting the aforementioned Districts. Upper Cottonwood Creek Metropolitan District and Upper Cottonwood Creek Metropolitan District Nos. 2 – 5 have agreed to finance such activities by either issuing bonds and/or pledging certain revenues collected within the boundaries of the Financing Districts.

On February 10, 2010, the District entered into an agreement with AFA Falfins, Inc. (Falfins) that allows Falfins to use the pool during the Off Season for swim lessons, water aerobics, and other related activities. The District is responsible for maintaining a reserve fund that both the District and Falfins will make contributions into that will be used to pay for future repairs and maintenance to the pool. At December 31, 2022, the District had \$21,225 of restricted net assets for Indoor Pool Reserves.

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

NOTE 10 RISK MANAGEMENT

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

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

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

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

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

SUPPLEMENTARY INFORMATION

**OLD RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 538,193	\$ 545,000	\$ 540,227	\$ (4,773)
Net Investment Income	100	30,000	7,582	(22,418)
Total Revenues	<u>538,293</u>	<u>575,000</u>	<u>547,809</u>	<u>(27,191)</u>
EXPENDITURES				
Capital Outlay:				
Bond Interest - Series 2007A	381,550	155,800	155,800	-
Bond Interest - Series 2007B	-	630,000	609,974	20,026
Bond Interest - Series 2022	-	270,000	261,280	8,720
Bond Principal - Series 2007A	165,000	5,870,000	5,870,000	-
Bond Principal - Series 2007B	-	1,300,000	1,300,000	-
Bond Issue Costs	-	37,500	37,500	-
Contingency	4,450	4,450	-	4,450
Total Expenditures	<u>551,000</u>	<u>8,267,750</u>	<u>8,234,554</u>	<u>33,196</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,707)	(7,692,750)	(7,686,745)	6,005
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	7,680,000	7,680,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,680,000</u>	<u>7,680,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(12,707)	(12,750)	(6,745)	6,005
Fund Balance - Beginning of Year	<u>14,773</u>	<u>14,773</u>	<u>16,701</u>	<u>1,928</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,066</u>	<u>\$ 2,023</u>	<u>\$ 9,956</u>	<u>\$ 7,933</u>

**OLD RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 10,165,000	\$ 10,165,000	\$ 10,165,000	\$ -
Total Revenues	10,165,000	10,165,000	10,165,000	-
EXPENDITURES				
Current:				
Accounting	10,000	10,000	5,026	4,974
Legal Services	40,000	-	-	-
Engineering	-	-	2,791	(2,791)
Repairs and Maintenance	-	-	260	(260)
Intergovernmental Expenditures	34,000	34,000	-	34,000
Total Expenditures	84,000	44,000	8,077	35,923
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,081,000	10,121,000	10,156,923	35,923
OTHER FINANCING SOURCES (USES)				
Repay Developer Advance	(10,081,000)	(10,165,000)	(10,165,000)	-
Total Other Financing Sources (Uses)	(10,081,000)	(10,165,000)	(10,165,000)	-
NET CHANGE IN FUND BALANCE	-	(44,000)	(8,077)	35,923
Fund Balance - Beginning of Year	33,660	60,703	60,703	-
FUND BALANCE - END OF YEAR	<u>\$ 33,660</u>	<u>\$ 16,703</u>	<u>\$ 52,626</u>	<u>\$ 35,923</u>

**OLD RANCH METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 30	\$ 30	\$ 1	\$ (29)
Water Service Fees	250,000	250,000	297,256	47,256
Total Revenues	<u>250,030</u>	<u>250,030</u>	<u>297,257</u>	<u>47,227</u>
EXPENDITURES				
Current:				
Engineering	10,000	10,000	-	10,000
Utilities	-	50,000	64,088	(14,088)
Administrative Costs	51,000	51,000	5,472	45,528
Repairs and Maintenance	50,000	50,000	34,882	15,118
Total Expenditures	<u>111,000</u>	<u>161,000</u>	<u>104,442</u>	<u>56,558</u>
NET CHANGE IN FUNDS AVAILABLE	139,030	89,030	192,815	103,785
Funds Available - Beginning of Year	<u>800,916</u>	<u>800,916</u>	<u>929,285</u>	<u>128,369</u>
FUNDS AVAILABLE - END OF YEAR	<u><u>\$ 939,946</u></u>	<u><u>\$ 889,946</u></u>	<u><u>\$ 1,122,100</u></u>	<u><u>\$ 232,154</u></u>

**OLD RANCH METROPOLITAN DISTRICT
ENTERPRISE FUND
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

Revenues	<u>\$ 297,257</u>	
Total Revenues and Other Financing Sources - Budgetary Basis	<u>297,257</u>	
Total Revenues per Statement of Revenues, Expenses, and Changes in Net Position		\$ 297,257
Expenditures	<u>104,442</u>	
Total Expenditures and Other Financing Sources - Budgetary Basis	104,442	
Depreciation Expense	313,144	
Interest Expense	<u>657,602</u>	
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position		<u>1,075,188</u>
Change in Net Position per Statement of Revenues, Expenses, and Changes in Net Position		<u><u>\$ (777,931)</u></u>

OTHER INFORMATION

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

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 441,600	\$ 441,600
2024	30,000	441,600	471,600
2025	35,000	439,875	474,875
2026	65,000	437,863	502,863
2027	70,000	434,125	504,125
2028	100,000	430,100	530,100
2029	105,000	424,350	529,350
2030	145,000	418,313	563,313
2031	155,000	409,975	564,975
2032	195,000	401,063	596,063
2033	210,000	389,850	599,850
2034	255,000	377,775	632,775
2035	270,000	363,113	633,113
2036	325,000	347,588	672,588
2037	340,000	328,900	668,900
2038	400,000	309,350	709,350
2039	425,000	286,350	711,350
2040	490,000	261,913	751,913
2041	520,000	233,738	753,738
2042	595,000	203,838	798,838
2043	630,000	169,625	799,625
2044	715,000	133,400	848,400
2045	755,000	92,288	847,288
2046	850,000	48,875	898,875
Total	<u>\$ 7,680,000</u>	<u>\$ 7,825,463</u>	<u>\$ 15,505,463</u>