

**REUNION METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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Board of Directors
Reunion Metropolitan District
Adams County, Colorado

Independent Auditor’s Report

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reunion Metropolitan District as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

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

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

Other Matters

Required Supplemental Information

The management's discussion and analysis information on pages IV through XI is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Supplementary Information

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

Other Information

Management is responsible for the other information included in our report. The other 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 other 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 other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 30, 2024

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

The management of Reunion Metropolitan District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

The Management Discussion and Analysis (MD&A) focuses on the presentation of the financial statements and the related activities in two distinct ways: 1) the review of government-wide financials that reflect the overall assets and activity of the government including the District's capital assets and long term debt obligations, and 2) the more traditional view of the governmental funds that have been established to account for specific activities of the District.

This MD&A will provide a quick look at the highlights of each of these presentations, a more definitive view of what comprises each of these presentations, and a more detailed analysis of each of the presentations, key components and the changes that occurred during 2023.

Government-Wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the District's overall financial status. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflow of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of water facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The basic government-wide financial statements can be found on pages 1-2 of this report.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental funds:* The District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is a considered major fund. Also included in the required supplementary information section is budget-to-actual information for the general fund.

The basic governmental fund financial statements can be found on pages 3-8 of this report.

- *Enterprise funds:* The District maintains one enterprise type Enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for its purchase and sale of water credits and the financing thereof.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide information for water operations, which is considered to be a major fund of the District.

The basic enterprise fund financial statements can be found on pages 9-11 of this report.

Financial Highlights

Government-wide financial statement highlights include:

- The combined assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$49,971,169 (net position).
- Of the net position:
 - \$46,453,285 is the net investment in the District's governmental activity capital assets, related to the acquisition of the assets. \$(6,266,015) is the net investment in the District's business type assets, related to the acquisition of the assets.
 - The District has restricted a portion of the remaining net position as follows: \$5,023,772 is restricted for capital projects as the result of unexpended resources, \$266,634 is restricted for HOA related activity, \$519,347 for recreation center operations, and \$25,000 for emergency reserves.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

- After considering the above restrictions, the District has unrestricted net position in the amount of \$3,949,146.
- The District's total non-current long-term liabilities decreased by \$537,773:
 - The District incurred \$751,359 of interest on the 2017 Bonds and paid \$754,280 of outstanding interest.
 - The District paid \$1,033,684 of principal on the outstanding developer advances from funds on hand.
 - The District's obligation for compensated absences increased from \$21,729 to \$35,064 as of December 31, 2023.
- The government's total net position decreased from 50,765,667 to 49,971,169 by \$794,498 under the full accrual method:
 - Program revenues decreased from the prior year by \$4,794,387 primarily due to a reduction in Capital Grants and Contributions. Expenses decreased \$15,609,886 from the prior year primarily as a result of assets dedicated to other entities in the prior year. Depreciation expense was \$750,880 and interest and related costs on long-term obligations were \$1,022,717. Depreciation expense relates to noncash activities; therefore, refer to the fund financial statement highlights below for analysis more closely related to cash inflows and outflows.

Fund financial statement highlights include:

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$10,543,545.
- The nonspendable, restricted, assigned, committed and unassigned amounts of \$12,590, \$5,164,202, \$1,613,538, \$3,316,694 and \$436,521 respectively, are available for spending at the District's discretion. They are comprised of:
 - During 2023, the General Fund received \$4,766,050 in revenues, offset with \$4,242,558 in expenditures; thereby, the net increase in fund balance for the year was \$523,492, resulting in an ending fund balance of \$1,301,668. \$12,590 is nonspendable and represents prepaid expenses at year-end. \$827,557 is assigned. \$25,000 is restricted. \$436,521 of the ending fund balance is unassigned.
 - The Special Revenue Fund - Rec Center received \$1,466,940 in revenues during 2023, and expended \$2,014,834. This resulted in a net fund balance decrease of \$547,894, with a remaining fund balance available for future use of \$519,347.
 - The Special Revenue Fund – Covenant Enforcement received \$172,731 in revenues during the current year, and incurred \$401,964 of expenditures; resulting in a net fund balance decrease of \$229,233. The ending fund balance available is \$266,634.
 - The Debt Service Fund has an ending fund balance of \$115,430, which is restricted for future debt service payments.
 - The Capital Projects Fund has an ending fund balance of \$8,340,466, of which \$5,023,772 is restricted to future capital projects.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the current year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by taxes and intergovernmental revenues (i.e., governmental activities).

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – general, two special revenue, debt service, and capital projects – all of which are considered to be major funds.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided for the general and special revenue funds in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements and reconciliation to the government-wide financial statements can be found on pages 3-8 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 12-36 of this report.

Supplementary information. The supplementary information provided in this report after the basic financial statements includes a schedule of revenues, expenditures, and changes in fund balances, budget and actual comparison, for the debt service fund and capital projects fund. These schedules can be found on pages 38-40 of this report.

Governmental Activities Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$49,971,169 at the close of the most recent fiscal year.

	Net Position						Increase (Decrease)
	2023			2022			
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals	
Assets							
Current and Other Assets	\$ 11,781,265	\$ 4,953,453	\$ 16,734,718	\$ 12,689,809	\$ 5,244,319	\$ 17,934,128	\$ (1,199,410)
Capital Assets	<u>68,712,288</u>	<u>42,362,278</u>	<u>111,074,566</u>	<u>67,575,087</u>	<u>43,669,334</u>	<u>111,244,421</u>	<u>(169,855)</u>
Total Assets	80,493,553	47,315,731	127,809,284	80,264,896	48,913,653	129,178,549	(1,369,265)
Liabilities							
Current and Other Liabilities	1,237,720	133,177	1,370,897	1,250,299	154,671	1,404,970	(34,073)
Long-Term Liabilities	<u>22,322,574</u>	<u>54,144,644</u>	<u>76,467,218</u>	<u>22,860,871</u>	<u>54,147,041</u>	<u>77,007,912</u>	<u>(540,694)</u>
Total Liabilities	23,560,294	54,277,821	77,838,115	24,111,170	54,301,712	78,412,882	(574,767)
Net Position							
Net Investment in Capital Assets	46,453,285	(6,266,015)	40,187,270	44,767,373	(5,857,141)	38,910,232	1,277,039
Restricted	5,834,753	-	5,834,753	6,584,727	-	6,584,727	(749,974)
Unrestricted	<u>4,645,221</u>	<u>(696,075)</u>	<u>3,949,146</u>	<u>4,801,626</u>	<u>469,082</u>	<u>5,270,708</u>	<u>(1,321,563)</u>
Total Net Position	<u>\$ 56,933,259</u>	<u>\$ (6,962,090)</u>	<u>\$ 49,971,169</u>	<u>\$ 56,153,726</u>	<u>\$ (5,388,059)</u>	<u>\$ 50,765,667</u>	<u>\$ (794,498)</u>

The most significant portion of the District's net position (80%) represents the District's investment in capital assets (e.g. land, buildings, infrastructure, water rights, machinery, and equipment) net of the outstanding debt used to acquire those assets. The District acquired these capital assets in order to provide services to citizens. Consequently, these assets are not available for future spending.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

The District has an unrestricted net position in the amount of \$3,949,146. This amount can be used by the District to meet its ongoing obligations to citizens and creditors.

	Change in Net Position						Increase (Decrease)
	2023			2022			
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Revenues							
Program Revenues:							
Charges for Services	\$ 1,721,860	\$ -	\$ 1,721,860	\$ 1,558,022	\$ -	\$ 1,558,022	\$ 163,838
Operating Grants and Contributions	4,490,466	-	4,490,466	3,245,557	-	3,245,557	1,244,909
Capital Grants and Contributions	3,333,623	668,637	4,002,260	9,536,757	-	9,536,757	(5,534,497)
General Revenues:							
Investment Income	565,936	280,579	846,515	197,383	107,258	304,641	541,874
Other	86,782	-	86,782	108,866	-	108,866	(22,084)
Total Revenues	<u>10,198,667</u>	<u>949,216</u>	<u>11,147,883</u>	<u>14,646,585</u>	<u>107,258</u>	<u>14,753,843</u>	<u>(3,605,960)</u>
Expenses							
General Government	1,025,958	-	1,025,958	546,751	-	546,751	479,207
Parks and Recreation	5,377,369	-	5,377,369	4,449,401	-	4,449,401	927,968
Covenant Enforcement	401,964	-	401,964	326,077	-	326,077	75,887
Dedication of Assets to Other Entities	1,038,614	-	1,038,614	17,715,755	-	17,715,755	(16,677,141)
Intergovernmental	552,512	-	552,512	815,696	-	815,696	(263,184)
Enterprise Activity	-	2,523,247	2,523,247	-	2,477,407	2,477,407	45,840
Interest and Related Costs on Long-Term Debt	1,022,717	-	1,022,717	1,221,180	-	1,221,180	(198,463)
Total Expenses	<u>9,419,134</u>	<u>2,523,247</u>	<u>11,942,381</u>	<u>25,074,860</u>	<u>2,477,407</u>	<u>27,552,267</u>	<u>(15,609,886)</u>
CHANGE IN NET POSITION	779,533	(1,574,031)	(794,498)	(10,428,275)	(2,370,149)	(12,798,424)	2,353,564
Net Position - Beginning of Year	<u>56,153,726</u>	<u>(5,388,059)</u>	<u>50,765,667</u>	<u>66,582,001</u>	<u>(3,017,910)</u>	<u>63,564,091</u>	<u>(12,798,424)</u>
NET POSITION - END OF YEAR	<u>\$ 56,933,259</u>	<u>\$ (6,962,090)</u>	<u>\$ 49,971,169</u>	<u>\$ 56,153,726</u>	<u>\$ (5,388,059)</u>	<u>\$ 50,765,667</u>	<u>\$ (10,444,860)</u>

The District's net position decreased by \$794,498 during the current fiscal year. Intergovernmental revenues, which primarily consist of property taxes transferred from North Range Metropolitan District No. 1 and No. 2, are accounted for as operating grants and contributions. Charges for services include fees collected for Recreation Center and HOA related activities. Capital grants and contributions include system development fees and property taxes transferred from North Range Metropolitan District No. 1. Capital grants and contributions also includes revenues through the Enterprise Fund.

Governmental Funds Financial Analysis

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$10,543,545, all of which constitutes an assigned, unassigned, restricted, or nonspendable fund balance, which is available for spending at the government's discretion within the parameters established for each fund.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, an unassigned fund balance of \$436,521, assigned fund balance for service fees of \$827,557, restricted fund balance of \$25,000, and nonspendable fund balance of \$12,590 was held in the General Fund.

The Special Revenue – Recreation Center Fund is used for expenditures related to the Reunion Recreation Center. At the end of the current fiscal year, an assigned fund balance of \$519,347 was held in the fund.

The Special Revenue – Covenant Enforcement Fund is used for expenditures related to the contractual management of general HOA services. At the end of the current fiscal year, an assigned fund balance of \$266,634 was held in the fund. The Reunion HOA only comprises a part of the entire community and is responsible for the design review and covenant enforcement for those areas within North Range Metro District Nos. 1, 2 and 3 that are not part of the Reunion HOA.

The Debt Service Fund is used for future debt service payments. At the end of the year, a restricted fund balance of \$115,430 was held in the fund.

The Capital Projects Fund is used for future construction of infrastructure and other capital-related activities. At year-end total fund balance is \$8,630,066, of which \$5,023,772 is restricted.

General Fund Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sales of assets and debt repayments, as well as capital outlay, in addition to operations and non-operating revenue and contributions. Depreciation is not reflected on the budget since it does not affect funds available. This budgetary accounting is required by State statutes.

Capital Assets and Debt Administration

Capital assets. The District had \$46,453,285 invested in net capital assets for its governmental activities for the year ended December 31, 2023. This investment in capital assets, which is net of accumulated depreciation, includes land improvement for parks and arterial landscape, roadway improvements, storm drainage facilities, and water rights.

The District had \$(6,266,015) invested in net capital assets for its enterprise activities for the year ended December 31, 2023. This investment in capital assets, which is net of accumulated depreciation, includes land improvement for parks and arterial landscape, roadway improvements, storm drainage facilities, and water rights.

There was capital activity during 2023, with \$2,332,072 in total capital outlay. Additional information on the District's capital assets can be found within Note 4 of this report.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

Debt administration. During 2017, the District issued Series 2017 Revenue Bonds (Nonrated, Cash Flow, Fill-up bonds) in the original par amount of \$16,600,000 with the final par being \$21,600,000. The District issued the \$5,000,000 remaining bond in 2022. The bonds bear interest at 4% and are payable beginning December 15, 2017 based on available cash flow from excess revenues generated from the North Range Metropolitan District Nos. 1-4 developments. During 2018, the District approved the First Supplemental Trust Indenture increasing the amount to be deposited to the Project Fund from \$5,000,000 to \$10,200,000. No payments will be made on the 2017 Bonds until \$10,200,000 in excess revenues have been generated to fund certain capital improvements. This requirement was fulfilled in 2021 and an interest payment in the amount of \$754,280 and principal of \$1,753,000 was made in 2023.

During 2021, the District, acting through its Enterprise, issued Series 2021A Senior Bonds and 2021B Subordinate Bonds in the amount of \$44,425,000 and \$10,135,000, respectively. The Senior Bonds bear interest at 3.625% and the Subordinate Bonds bear interest at 8%. The purpose of the bonds were to finance the purchase of water rights credits which will be sold to the District, other Districts, or to builders within the Reunion Development and represents partial payment of the water resources component of the connection fees charged by SACWSD for water connections.

Additional information on the District's long-term obligations can be found within Note 5 of this report.

Next Year's Budget and Rates

The District has appropriated \$5,920,250 in the General Fund for spending in the 2024 fiscal year. It is intended that fund balance plus transfers from the North Range Metropolitan District Nos. 1 – 4, collectively the "North Range Districts" and together with the District, will be sufficient to cover these expenditures.

Request for Information

Management's discussion and analysis is designed to provide a general overview of the District's finances. Questions concerning any of the information provided within this report or requests for additional information should be addressed to:

District Accountant of Reunion Metropolitan District
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111

BASIC FINANCIAL STATEMENTS

**REUNION METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 2,805,180	\$ -	\$ 2,805,180
Cash and Investments - Restricted	8,745,953	4,953,453	13,699,406
Accounts Receivable	139,920	-	139,920
Due From Other Governments	77,622	-	77,622
Prepaid and Other Assets	12,590	-	12,590
Capital Assets, Not Being Depreciated	50,330,928	42,362,278	92,693,206
Capital Assets, Net of Accumulated Depreciation	18,381,360	-	18,381,360
Total Assets	<u>80,493,553</u>	<u>47,315,731</u>	<u>127,809,284</u>
LIABILITIES			
Accounts Payable	831,856	1,500	833,356
Retainage Payable	205,258	-	205,258
Accrued Wages	10,976	-	10,976
Customer Deposits	42,795	-	42,795
Prepaid Assessments	101,235	-	101,235
Due to Other Governments	45,600	-	45,600
Accrued Interest Payable	28,507	131,677	160,184
Noncurrent Liabilities:			
Due Within One Year	-	1,020,000	1,020,000
Due in More Than One Year	22,294,067	53,124,644	75,418,711
Total Liabilities	<u>23,560,294</u>	<u>54,277,821</u>	<u>77,838,115</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	46,453,285	(6,266,015)	40,187,270
Restricted for:			
Capital Projects	5,023,772	-	5,023,772
Special Revenue - Covenant Enforcement	266,634	-	266,634
Special Revenue - Recreation Center	519,347	-	519,347
Emergency Reserve	25,000	-	25,000
Unrestricted	4,645,221	(696,075)	3,949,146
Total Net Position (Deficit)	<u>\$ 56,933,259</u>	<u>\$ (6,962,090)</u>	<u>\$ 49,971,169</u>

See accompanying Notes to Basic Financial Statements.

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

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government:							
Government Activities:							
General Government	\$ 1,025,958	\$ 355,815	\$ 580,348	\$ -	\$ (89,795)	\$ -	\$ (89,795)
Parks	3,629,234	-	3,753,246	-	124,012	-	124,012
Recreation	1,748,135	1,366,045	-	-	(382,090)	-	(382,090)
Covenant Enforcement	401,964	-	156,872	-	(245,092)	-	(245,092)
Intergovernmental - NRMD 1, NRMD 2, NRMD3 Transfers	552,512	-	-	3,333,623	2,781,111	-	2,781,111
Interest and Related Costs on Long-Term Obligations	1,022,717	-	-	-	(1,022,717)	-	(1,022,717)
Dedication of Assets to Other Entities	1,038,614	-	-	-	(1,038,614)	-	(1,038,614)
Total Government Activities	<u>\$ 9,419,134</u>	<u>\$ 1,721,860</u>	<u>\$ 4,490,466</u>	<u>\$ 3,333,623</u>	<u>126,815</u>	<u>-</u>	<u>126,815</u>
Business-Type Activities:							
Enterprise Fund	\$ 2,523,247	\$ -	\$ -	\$ 668,637	-	(1,854,610)	(1,854,610)
Total Business-Type Activities	<u>\$ 2,523,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(1,854,610)</u>	<u>(1,854,610)</u>
GENERAL REVENUES							
Investment Income					565,936	280,579	846,515
Other Income					86,782	-	86,782
Total General Revenues					<u>652,718</u>	<u>280,579</u>	<u>933,297</u>
CHANGE IN NET POSITION							
Net Position (Deficit) - Beginning of Year					56,153,726	(5,388,059)	50,765,667
NET POSITION (DEFICIT) - END OF YEAR					<u>\$ 56,933,259</u>	<u>\$ (6,962,090)</u>	<u>\$ 49,971,169</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Special Revenue Recreation Center	Special Revenue Covenant Enforcement	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 1,759,800	\$ 702,446	\$ 342,934	\$ -	\$ -	\$ 2,805,180
Cash and Investments - Restricted	25,000	-	-	90,957	8,629,996	8,745,953
Accounts Receivable, Net of Allowance	49,075	105,845	(15,000)	-	-	139,920
Prepaid Expenses	12,590	-	-	-	-	12,590
Due from Other Governments	53,079	-	-	24,473	70	77,622
Total Assets	\$ 1,899,544	\$ 808,291	\$ 327,934	\$ 115,430	\$ 8,630,066	\$ 11,781,265
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Payables:						
Accounts	\$ 558,480	\$ 187,709	\$ 46,925	\$ -	\$ 38,742	\$ 831,856
Wages	10,976	-	-	-	-	10,976
Deposits	28,420	-	14,375	-	-	42,795
Prepaid Assessments	-	101,235	-	-	-	101,235
Due to Other Governments	-	-	-	-	45,600	45,600
Retainage Payable	-	-	-	-	205,258	205,258
Total Liabilities	597,876	288,944	61,300	-	289,600	1,237,720
FUND BALANCES						
Nonspendable:						
Prepaid Expenses	12,590	-	-	-	-	12,590
Restricted for:						
Emergency Reserve	25,000	-	-	-	-	25,000
Debt Service	-	-	-	115,430	-	115,430
Capital Projects	-	-	-	-	5,023,772	5,023,772
Committed:						
Capital Projects	-	-	-	-	3,316,694	3,316,694
Assigned to:						
Subsequent Year's Expenditures	527,619	-	-	-	-	527,619
Carriage Homes	59,708	-	-	-	-	59,708
Sterling Duets	135,789	-	-	-	-	135,789
Porchlight Homes	104,441	-	-	-	-	104,441
Recreation Center	-	519,347	-	-	-	519,347
Covenant Enforcement	-	-	266,634	-	-	266,634
Unassigned	436,521	-	-	-	-	436,521
Total Fund Balances	1,301,668	519,347	266,634	115,430	8,340,466	10,543,545
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,899,544	\$ 808,291	\$ 327,934	\$ 115,430	\$ 8,630,066	

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.

68,712,288

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

Bonds Payable	(17,104,000)
Bonds Payable - Accrued Interest	(28,507)
Developer Advance Payable	(4,633,633)
Developer Advance Payable - Interest	(521,370)
Compensated Absences	(35,064)
	<u>(20,022,574)</u>

Net Position of Governmental Activities

\$ 56,933,259

See accompanying Notes to Basic Financial Statements.

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

	General	Special Revenue Recreation Center	Special Revenue Covenant Enforcement	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
MLEPA Payments	\$ 3,868,989	\$ -	\$ -	\$ 2,557,095	\$ 2,153	\$ 6,428,237
District Operating Fees	355,815	-	-	-	-	355,815
Alleyway Costs Reimbursement	2,075	-	-	-	-	2,075
Carriage Home Fees	236,791	-	-	-	-	236,791
Sterling Duet Fees	113,138	-	-	-	-	113,138
Porchlight Home Fees	112,601	-	-	-	-	112,601
Recreation Fees	-	1,267,428	-	-	-	1,267,428
Recreation Fees - Other	-	16,266	-	-	-	16,266
Program Fees	-	82,351	-	-	-	82,351
Violations and Penalties	-	-	64,289	-	-	64,289
AR Processing Fee	-	-	73,553	-	-	73,553
Legal Fees Reimbursement	-	-	19,030	-	-	19,030
System Development Fees	-	-	-	-	774,375	774,375
Net Investment Income	70,084	32,433	15,859	43,406	404,154	565,936
Miscellaneous Income	6,557	68,462	-	-	11,763	86,782
Total Revenues	<u>4,766,050</u>	<u>1,466,940</u>	<u>172,731</u>	<u>2,600,501</u>	<u>1,192,445</u>	<u>10,198,667</u>
EXPENDITURES						
General and Administrative:						
General Government	979,205	-	-	-	24,405	1,003,610
Intergovernmental	48,062	-	-	-	504,450	552,512
District Property Maintenance	3,215,291	-	-	-	-	3,215,291
Recreation Center:						
Rec Center Operations	-	1,164,441	-	-	-	1,164,441
Pool Operations	-	336,324	-	-	-	336,324
Programs	-	163,135	-	-	-	163,135
Reunion Park Concession Building	-	8,827	-	-	-	8,827
Reunion Coffee House	-	25,293	-	-	-	25,293
Recreation Amenities	-	316,814	-	-	-	316,814
Covenant Enforcement:						
Covenant Enforcement Operations	-	-	401,964	-	-	401,964
Debt Service:						
Paying Agent/Trustee Fees	-	-	-	3,500	-	3,500
Bond Interest	-	-	-	754,280	-	754,280
Bond Principal	-	-	-	1,753,000	-	1,753,000
Capital :						
Capital Outlay	-	-	-	-	2,332,072	2,332,072
Total Expenditures	<u>4,242,558</u>	<u>2,014,834</u>	<u>401,964</u>	<u>2,510,780</u>	<u>2,860,927</u>	<u>12,031,063</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	523,492	(547,894)	(229,233)	89,721	(1,668,482)	(1,832,396)
OTHER FINANCING SOURCES (USES)						
Developer Advance	-	-	-	-	1,970,115	1,970,115
Developer Advance Repayment	-	-	-	-	(1,033,684)	(1,033,684)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>936,431</u>	<u>936,431</u>
NET CHANGE IN FUND BALANCES	523,492	(547,894)	(229,233)	89,721	(732,051)	(895,965)
Fund Balances - Beginning of Year	778,176	1,067,241	495,867	25,709	9,072,517	11,439,510
FUND BALANCES - END OF YEAR	<u>\$ 1,301,668</u>	<u>\$ 519,347</u>	<u>\$ 266,634</u>	<u>\$ 115,430</u>	<u>\$ 8,340,466</u>	<u>\$ 10,543,545</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds \$ (895,965)

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

Governmental funds report capital outlays as expenditures. In the Statement of Activities, capital outlay is not reported as an expenditure. However, the Statement of Activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.

Capital Outlay	2,926,695
Depreciation	(750,880)
Dedication of Assets to Other Entities	(1,038,614)

The issuance of long-term debt (e.g., Developer advances, Bonds, long-term leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Developer Advances	(1,970,115)
Developer Advances Repayment	1,033,684
Bond Principal Payment	1,753,000

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 Developer Advances - Change in Liability	(267,858)
Accrued Interest on Bonds Payable - Change in Liability	2,921
Change in Compensated Absences	(13,335)
	(13,335)

Change in Net Position of Governmental Activities \$ 779,533

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
MLEPA Payment - NRMD1	\$ 1,647,911	\$ 1,660,013	\$ 1,886,280	\$ 226,267
MLEPA Payment - NRMD2	1,072,083	1,126,747	1,265,042	138,295
MLEPA Payment - NRMD3	726,479	610,106	715,947	105,841
MLEPA Payment - NRMD4	1,813	1,643	1,720	77
District Operating Fees	333,600	350,000	355,815	5,815
Net Investment Income	8,000	25,000	70,084	45,084
Alleyway Costs Reimbursement	3,000	2,075	2,075	-
Carriage Home (NRMD 1, 2 & 3)	226,980	230,100	236,791	6,691
Sterling Duet Fees (NRMD 2)	113,880	113,880	113,138	(742)
Reunion Ridge F1 (NRMD 3)	50,000	105,000	112,601	7,601
Miscellaneous Income	10,000	10,000	6,557	(3,443)
Total Revenues	<u>4,193,746</u>	<u>4,234,564</u>	<u>4,766,050</u>	<u>531,486</u>
EXPENDITURES				
General Operations and Administration	342,250	661,356	979,205	(317,849)
Intergovernmental	34,972	34,972	48,062	(13,090)
District Property Maintenance	3,628,405	3,650,147	3,215,291	434,856
Total Expenditures	<u>4,005,627</u>	<u>4,346,475</u>	<u>4,242,558</u>	<u>103,917</u>
NET CHANGE IN FUND BALANCE	188,119	(111,911)	523,492	635,403
Fund Balance - Beginning of Year	<u>613,418</u>	<u>778,176</u>	<u>778,176</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 801,537</u>	<u>\$ 666,265</u>	<u>\$ 1,301,668</u>	<u>\$ 635,403</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT
SPECIAL REVENUE FUND – RECREATION CENTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Recreation Fees	\$ 1,162,800	\$ 1,245,000	\$ 1,267,428	\$ 22,428
Recreation Fees - Other	15,000	15,000	16,266	1,266
(Allowance for Fees Not Collected)	(5,000)	(5,000)	-	5,000
Program Fees	175,000	115,000	82,351	(32,649)
Net Investment Income	5,900	25,000	32,433	7,433
Miscellaneous Income	5,000	5,000	68,462	63,462
Total Revenues	<u>1,358,700</u>	<u>1,400,000</u>	<u>1,466,940</u>	<u>66,940</u>
EXPENDITURES				
Rec Center Operations	1,083,517	1,153,915	1,164,441	(10,526)
Reunion Park Pool Operations	243,251	243,251	186,158	57,093
Southlawn Pool Operations	185,921	185,921	150,166	35,755
Programs	169,500	169,500	163,135	6,365
Reunion Park Concession Building	19,250	19,250	8,827	10,423
Reunion Coffee House	41,600	42,800	25,293	17,507
Recreation Amenities	-	225,000	316,814	(91,814)
Total Expenditures	<u>1,743,039</u>	<u>2,039,637</u>	<u>2,014,834</u>	<u>24,803</u>
NET CHANGE IN FUND BALANCE	(384,339)	(639,637)	(547,894)	91,743
Fund Balance - Beginning of Year	<u>730,164</u>	<u>1,067,241</u>	<u>1,067,241</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 345,825</u>	<u>\$ 427,604</u>	<u>\$ 519,347</u>	<u>\$ 91,743</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT
SPECIAL REVENUE FUND – COVENANT ENFORCEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Violations and Penalties	\$ 5,000	\$ 25,000	\$ 64,289	\$ 39,289
(Allowance for Fees Not Collected)	(15,000)	(15,000)	-	15,000
AR Processing Fee	15,000	35,000	73,553	38,553
Other Fees	2,000	2,000	-	(2,000)
Legal Fees Reimbursement	5,000	20,000	19,030	(970)
Net Investment Income	8,200	15,000	15,859	859
Total Revenues	<u>20,200</u>	<u>82,000</u>	<u>172,731</u>	<u>90,731</u>
EXPENDITURES				
Covenant Enforcement	<u>331,930</u>	<u>410,000</u>	<u>401,964</u>	<u>8,036</u>
Total Expenditures	<u>331,930</u>	<u>410,000</u>	<u>401,964</u>	<u>8,036</u>
NET CHANGE IN FUND BALANCE	(311,730)	(328,000)	(229,233)	98,767
Fund Balance - Beginning of Year	<u>483,366</u>	<u>495,867</u>	<u>495,867</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 171,636</u>	<u>\$ 167,867</u>	<u>\$ 266,634</u>	<u>\$ 98,767</u>

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
DECEMBER 31, 2023**

	Enterprise
ASSETS	
CURRENT ASSETS	
Cash and Investments - Restricted	\$ 4,953,453
Total Current Assets	4,953,453
CAPITAL ASSETS	
ERU Credits	42,362,278
Total Capital Assets	42,362,278
Total Assets	\$ 47,315,731
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	\$ 1,500
Accrued Interest Payable	131,677
Bonds Payable - Current Portion	1,020,000
Total Current Liabilities	1,153,177
LONG-TERM LIABILITIES	
Bonds Payable, Net of Unamortized Original Issue Discount	53,124,644
Total Long-Term Liabilities	53,124,644
Total Liabilities	54,277,821
NET POSITION	
Net Investment in Capital Assets	(6,266,015)
Unrestricted	(696,075)
Total Net Position	(6,962,090)
Total Liabilities and Net Position	\$ 47,315,731

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2023**

	<u>Enterprise</u>
OPERATING REVENUES	
ERU Building Credit Revenue	\$ 666,687
Administrative Fee	1,950
Total Operating Revenues	668,637
OPERATING EXPENSES	
ERU Admin Fee	10,506
Total Operating Expenses	10,506
OPERATING INCOME	658,131
NONOPERATING REVENUES AND EXPENSES	
Net Investment Income	280,579
Bond Discount Amortization	(11,912)
Bond Interest - Series 2021A	(1,580,138)
Paying Agent/Trustee Fees	(10,000)
Bond Interest - Series 2021B	(910,691)
Total Nonoperating Revenues and Expenses	(2,232,162)
CHANGE IN NET POSITION	(1,574,031)
Total Net Position (Deficit) - Beginning of Year	(5,388,059)
TOTAL NET POSITION (DEFICIT) - END OF YEAR	\$ (6,962,090)

See accompanying Notes to Basic Financial Statements.

**REUNION METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2023**

	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 668,637
Payments to Suppliers	(31,999)
Net Cash Provided by Operating Activities	636,638
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
ERU Credit Revenue	1,307,055
Other Expenses	(2,515,138)
Net Cash Used by Noncapital Financing Activities	(1,208,083)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	280,579
Net Cash Provided by Investing Activities	280,579
DECREASE IN CASH AND INVESTMENTS RESTRICTED	(290,866)
Cash and Investments Restricted - Beginning of Year	5,244,319
CASH AND INVESTMENTS RESTRICTED - END OF YEAR	\$ 4,953,453
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 658,131
Adjustments to Reconcile Operating Income to Net Cash	
Increase (Decrease) in:	
Accounts Payable	(21,493)
Net Cash Provided by Operating Activities	\$ 636,638

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Reunion Metropolitan District (Reunion or District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Court Order and Decree of the District Court on December 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located within the City of Commerce City, Adams County, Colorado. The District was organized in conjunction with North Range Metropolitan District Nos. 1, 2, 3, 4 and 5 (collectively, NRMDs). Reunion and the NRMDs have entered into intergovernmental agreements whereby Reunion provides the construction for street improvements, storm drainage improvements, safety protection facilities, water and wastewater improvements, sanitation, park and recreation, transportation, and mosquito control. The service plan anticipates that Reunion will be responsible for managing the construction, operation and maintenance of such improvements and facilities and that the NRMDs will provide the necessary funding to Reunion.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 service fees and Commerce City sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District 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 is 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 Special Revenue Funds are used to collect and disperse money designated for specific purposes due to legal or contractual agreements. The Special Revenue Funds are used to account for Recreation Center revenues and the District's Covenant Enforcement revenues.

The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest and other costs related to the Series 2017 Bonds.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The District reports the following major enterprise fund:

The Enterprise Fund accounts for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public 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 transfers or other charges between the government's business functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise 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 an enterprise 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 revenue 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 level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2023.

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 funds' average equity balance in the total cash.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

The District currently levies no property taxes.

Capital Assets

Capital assets, which include property, plant, equipment, tap fees and water rights, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported 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 invested in capital assets, net of related debt component of the District's net position.

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.

Upon completion of construction, arterial street construction improvements, traffic signals, and certain storm drainage improvements are dedicated to the city of Commerce City and South Adams County Water and Sanitation District and are shown as a reduction to capital assets. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Park Infrastructure and Buildings	30 Years
Office Buildings and Recreation Centers	40 Years
Furniture, Machinery, and Equipment	3 to 10 Years

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Discount

In the government-wide financial statements and enterprise fund types in the fund financial statements, bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method.

Compensated Absences

The District has a policy that allows employees to accumulate paid time off up to certain maximum hours or amounts. Compensated absences are accrued when incurred in the government-wide, financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

Development Fees

Pursuant to the System Development Fee Resolution, the District has authorized and imposed a system development fee for residential, commercial, and industrial property owners. The fee, which is periodically reset, is designed to recover a portion of the estimated costs of the construction of arterial roadways, arterial landscaping, storm drainage facilities, and the park system. The fees are recorded as revenue when received.

Pursuant to the intergovernmental agreement with Commerce City, the District has authorized and imposed a City Credit Fee for residential, commercial, and industrial property owners equal to the road impact fee established by Commerce City. To the extent that the District expends funds for road projects that would otherwise be built by the city from proceeds of the road impact fee, the District is entitled to collect and retain the City Credit Fee. This agreement expired at the end of 2021.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and Investments	\$ 2,805,180
Cash and Investments - Restricted	13,699,406
Total Cash and Investments	<u>\$ 16,504,586</u>

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$ 1,517,070
Investments	<u>14,987,516</u>
Total Cash and Investments	<u>\$ 16,504,586</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, 2023, the District's cash deposits had a bank balance of \$1,516,874 and a carrying balance of \$1,517,070.

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.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 14,987,517</u>

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.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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 AA Af/S1 by Fitch Ratings. 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.

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

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 0	Additions	Transfers and Retirements	Balance at December 31, 1899
<u>Governmental Activities</u>				
Capital Assets, Not Being				
Depreciated:				
Land and Land Improvements	\$ 10,558,733	\$ -	\$ -	\$ 10,558,733
Public Infrastructure to be Dedicated	30,139,052	1,038,614	1,038,614	30,139,052
Tap Fees and Water Rights	2,391,371	-	-	2,391,371
Construction in Process	13,671,008	1,780,477	8,209,713	7,241,772
Total Capital Assets, Not Being Depreciated	56,760,164	2,819,091	9,248,327	50,330,928
Capital Assets, Being				
Depreciated:				
Buildings	7,543,864	98,458	-	7,642,322
Underdrain	147,423	277,215	-	424,638
Park System Improvements Other Than Buildings	10,370,304	7,932,498	-	18,302,802
Machinery and Equipment	500,957	9,146	-	510,103
Total Capital Assets, Being Depreciated	18,562,548	8,317,317	-	26,879,865
Less: Accumulated				
Depreciation for:				
Buildings	(2,930,111)	(341,159)	-	(3,271,270)
Underdrain	(31,519)	(7,371)	-	(38,890)
Park System Improvements Other Than Buildings	(4,365,758)	(373,541)	-	(4,739,299)
Machinery and Equipment	(420,237)	(28,809)	-	(449,046)
Total Accumulated Depreciation	(7,747,625)	(750,880)	-	(8,498,505)
Total Capital Assets, Being Depreciated, Net	10,814,923	7,566,437	-	18,381,360
Governmental Activities Capital Assets, Net	<u>\$ 67,575,087</u>	<u>\$ 10,385,528</u>	<u>\$ 9,248,327</u>	<u>\$ 68,712,288</u>
<u>Business-Type Activities</u>				
Capital Assets, Not Being				
Depreciated:				
ERU Credits	\$ 43,669,333	\$ -	\$ 1,307,055	\$ 42,362,278
Total Capital Assets, Not Being Depreciated	<u>\$ 43,669,333</u>	<u>\$ -</u>	<u>\$ 1,307,055</u>	<u>\$ 42,362,278</u>

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

NOTE 4 CAPITAL ASSETS (CONTINUED)

Public infrastructure to be dedicated includes those projects that are to be dedicated to Commerce City or South Adams Water and Sanitation District upon completion of construction and the appropriate acceptance. During 2023, a portion of the capital assets constructed by the District were conveyed to other governmental entities.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

Parks	\$	394,622
Recreation		347,245
General		9,013
Total Depreciation Expense - Governmental Activities	\$	750,880

NOTE 5 LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations at December 31, 2023, were as follows:

	Balance at December 31, 0	Additions	Reductions	Balance at December 31, 1899	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
Series 2017	\$ 18,857,000	\$ -	\$ 1,753,000	\$ 17,104,000	\$ -
Accrued Interest on:					
Series 2017	31,428	751,359	754,280	28,507	-
Subtotal of Bonds Payable	18,888,428	751,359	2,507,280	17,132,507	-
Other Debts:					
Developer Advances Payable	3,697,202	1,970,115	1,033,684	4,633,633	-
Compensated Absences	21,729	13,335	-	35,064	-
Accrued Interest on:					
Developer Advances Interest	253,512	267,858	-	521,370	-
Subtotal of Other Debts	3,972,443	2,251,308	1,033,684	5,190,067	-
Total Governmental Activities	22,860,871	3,002,667	3,540,964	22,322,574	-
<u>Business-Type Activities</u>					
Bonds Payable:					
Series 2021A	43,590,000	-	925,000	42,665,000	1,020,000
Original Issue Discount	(826,591)	-	(11,912)	(814,679)	-
Series 2021B	10,135,000	-	-	10,135,000	-
Accrued Interest on:					
Series 2021B	1,248,632	910,691	-	2,159,323	-
Total Business-Type Activities	54,147,041	910,691	913,088	54,144,644	1,020,000
Total Long-Term Obligations	\$ 77,007,912	\$ 3,913,358	\$ 4,454,052	\$ 76,467,218	\$ 1,020,000

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2017 Revenue Bonds

On June 30, 2017, the District issued Revenue Bonds in the original par amount of \$16,600,000 with the final par amount being \$21,600,000. The 2017 Bonds bear Interest at 4.00%. Interest is payable annually on December 15, beginning on December 15, 2017, through and including the maturity date of December 15, 2047. Interest is calculated on the basis of a 360-day year of twelve 30-day months. Interest is payable to the extent of pledged revenue available on each December 15. The 2017 Bonds are secured by and payable solely from Pledged Revenue, consisting of monies derived by the District from the following sources: (i) Surplus Debt Mill levy Revenues as defined by the MLEPA, (defined below) (ii) System Development Fee Revenues not otherwise pledged to the NRMD Districts, (iii) City Credit Fee Revenues, (iv) Use Tax revenues, and (v) Surplus Sales Tax Revenues. At this time, the schedule of repayments on the 2017 Bonds is unknown and will be made when cash flow is available. With the issuance of these 2017 Bonds, the District assumed and paid the developer advance liability of North Range Metropolitan District No. 2 (NRMD 2) under the Amended and Restated Advance and Reimbursement Agreement between Shea Homes and NRMD 2, dated July 3, 2007. The total amount outstanding as of June 30, 2017 was \$10,236,429. \$9,629,586 was paid and \$606,843 was forgiven. Additionally, the District repaid amounts due and owing under the 2016 Amended and Restated Facilities Acquisition Agreement.

On December 18, 2018, the District approved the First Supplemental Trust Indenture in order to increase the amount of pledged revenues to be deposited into the NRMD 2 Project Fund from \$5,000,000 to \$10,200,000. No payments were made on the Bonds until \$10,200,000 in excess revenues were generated to fund capital improvements. Through December 31, 2023, the District has deposited \$10,200,000 of pledged revenues into the NRMD 2 Project Fund and an interest payment in the amount of \$754,280 and a principal payment in the amount of \$1,753,000 was made on the 2017 Bonds.

Series 2021A Bonds

The District, through its Enterprise, issued the Senior Bonds and the Subordinate Bonds on June 30, 2021, in the respective amounts of \$44,425,000 and \$10,135,000. The proceeds from the sale of the Bonds were used for the purposes of (i) paying the purchase price for the RMD/ERU Water Credits as defined in the Indenture; (ii) funding the Senior Reserve Fund; (iii) providing capitalized interest on the Senior Bonds, and; (iv) paying costs of issuance of the Bonds.

The Senior Bonds bear interest at 3.625%, payable semi-annually on June 1 and December 1 ("Interest Payment Dates"), beginning on December 1, 2021. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2022. The Senior Bonds mature on December 1, 2044.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid or discharged. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date at the rate then borne by the Senior Bond.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2021A Bonds (Continued)

In the event that any amount of principal or interest on the Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available after the sale of all RMD/ERU Water Credits, the Senior Bonds shall be deemed discharged.

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, net of the cost of collection, which is defined generally in the Senior Indenture as:

- (a) all Water Credit Fee Revenues;
- (b) all Net Bulk Sale Proceeds;
- (c) all ERU Remedy Revenues; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

The Senior Bonds and the Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026 and June 1, 2026, respectively, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption Senior Bonds</u>	<u>Date of Redemption Subordinate Bonds</u>	<u>Redemption Premium</u>
June 1, 2026, to May 31, 2027	June 1, 2026, to May 31, 2027	3.00 %
June 1, 2027, to May 31, 2028	June 1, 2027, to May 31, 2028	2.00
June 1, 2028, to May 31, 2029	June 1, 2028, to May 31, 2029	1.00
June 1, 2029 and Thereafter	June 1, 2029 and Thereafter	-

The Senior Reserve Fund is initially to be funded in the amount of the Reserve Requirement of \$3,341,906 upon the issuance of the Bonds. The Senior Reserve Fund is required to be maintained in an amount equal to the lesser of the Reserve Requirement or 10% of the principal amount of the Senior Bonds then outstanding, calculated on each Interest Payment Date and on the date of any optional redemption.

Following each Interest Payment Date and the date of any optional redemption, any balance in excess of the Reserve Requirement shall be transferred to the Senior Bond Fund on or before the next Interest Payment Date.

Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds or replenish the Reserve fund to the Reserve Requirement in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$4,442,500. The Senior Surplus Fund is required to be maintained in an amount equal to the lesser of the Maximum Surplus Amount or 10% of the principal amount of the Senior Bonds then outstanding, calculated on each Interest Payment Date and on the date of any optional redemption.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2021A Bonds (Continued)

Following each Interest Payment Date and the date of any optional redemption, any balance in excess of the Maximum Surplus Amount shall be transferred to the Senior Bond Fund on or before the next Interest Payment Date.

The outstanding principal and interest of the Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,020,000	\$ 1,546,606	\$ 2,566,606
2025	1,125,000	1,509,631	2,634,631
2026	1,205,000	1,468,850	2,673,850
2027	1,290,000	1,425,169	2,715,169
2028	1,375,000	1,378,406	2,753,406
2029-2033	8,320,000	6,076,406	14,396,406
2034-2038	11,045,000	4,374,650	15,419,650
2039-2043	14,060,000	2,161,044	16,221,044
2044	3,225,000	116,906	3,341,906
Total	<u>\$ 42,665,000</u>	<u>\$ 20,057,668</u>	<u>\$ 62,722,668</u>

Series 2021B Bonds

The Subordinate Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Instead, principal on the Subordinate Bonds is payable annually on each December 15 from and to the extent of Pledged Revenue available, pursuant to a mandatory redemption. To the extent principal of any Bond is not paid when due, such principal is to remain outstanding until the earlier of its payment or the date on which the Subordinate Bonds are discharged and is to continue to bear interest at the rate then borne by the Subordinate Bond. The Subordinate Bonds mature on December 15, 2044.

The Subordinate Bonds bear interest at the rate of 8.0% per annum, payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. Unpaid interest on the Subordinate Bonds compounds annually on each December 15, at the rate then borne by the Subordinate Bond.

In the event that any amount of principal or interest on the Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available after the sale of all RMD/ERU Water Credits, the Subordinate Bonds shall be deemed discharged.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2021B Bonds (Continued)

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means:

- (a) any Senior Pledged Revenue after deduction of any amount applied to the payment of any Senior Obligations; and
- (b) any other legally available moneys which the Issuer determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Authorized Debt

On November 7, 2000, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$1,036,000,000 at an interest rate not to exceed 18% per annum. Pursuant to Colorado State law, the Board has been made aware that because of the length of time that has passed since the 2000 authorization, they should not rely upon the validity of the 2000 authorization with respect to the unissued debt. The Board has adopted this position and considers the 2000 authorization to be stale with respect to unissued debt. On May 5, 2020, the District's voters authorized total indebtedness of \$928,000,000 at an interest rate not to exceed 18% per annum.

Per the Service Plan, the District is permitted to issue bond indebtedness of up to \$280,000,000. The District has \$258,400,000 of authorization remaining. 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.

Amended and Restated Facilities Acquisition Agreement

On August 2, 2016, the District and Shea Homes Limited Partnership (the Developer) entered into an Amended and Restated Facilities Acquisition Agreement (the Facilities Acquisition Agreement), pursuant to which the Developer has agreed to either advance funds to the District to finance construction of Public Improvements to serve the North Range Districts or to construct such Public Improvements. The District has agreed to reimburse the Developer for such advances or construction and, where applicable, to acquire the Public Improvements constructed by the Developer subject to and in accordance with the terms of the Facilities Acquisition Agreement.

The Facilities Acquisition Agreement provides that the District will reimburse the Developer for all costs eligible for reimbursement by the District which are advanced by the Developer or incurred by the Developer in connection with the public Improvements, together with simple interest accrued at a rate equal to the Municipal Market Data (MMD) BAA 30-year index, plus 5%, not to exceed a maximum interest rate of 8% simple interest, as determined at the time at which such repayment obligation is incurred.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

Amended and Restated Facilities Acquisition Agreement (Continued)

The District is required to fund such reimbursement amounts either from the proceeds of bonds issued by one or more of the Districts or from other revenues of the District not otherwise required for reasonable operating costs of the District. The Facilities Acquisition Agreement provides that any mill levy certified by the District and/or the North Range Districts for the purposes of repaying costs thereunder may not exceed the Equalization Mill Levy, as defined in MLEPA, less amounts needed to service existing debt of the District and/or the North Range Districts. The Facilities Acquisition Agreement states that such mill levy limitation applies only to the extent that the District and/or the North Range Districts certify a mill levy to directly repay repayment obligations thereunder, and does not apply as a limit on any mill levy that may be pledged to any loans, bonds or reimbursement debt obligations unless specifically set forth in documents authorizing such instruments. All amounts owed by the District pursuant to the Facilities Acquisition Agreement are subject to annual appropriation by the District, unless the District determines to issue a reimbursement debt obligation with respect to any repayment obligation. As of December 31, 2023, no amounts are due and owing to the Developer as all amounts were paid prior to year-end.

Funding and Reimbursement Agreement

On December 19, 2017, the District and Clayton Properties Group II, Inc. (the New Developer) entered into a Funding and Reimbursement Agreement, pursuant to which the New Developer has agreed to advance funds to the District to finance construction of Public Improvements to serve the North Range Districts. The District has agreed to reimburse the New Developer for such advances and, where applicable, to acquire the Public Improvements constructed by the New Developer subject to and in accordance with the terms of the Funding and Reimbursement Agreement.

The New Developer has agreed to advance the District an amount up to \$61,246,320 through December 31, 2022 (the Loan Obligation Termination Date). The Loan Obligation Termination Date shall automatically extend for one additional year thereafter unless the New Developer provides written notice of termination to the District.

The District will reimburse the New Developer for all costs advanced by the New Developer with simple interest accrued at 6.5% annually. The District intends to repay any advances made under this Agreement from ad valorem taxes, fees, or other legally available revenues of the District, net of any debt services or current operations and maintenance costs of the District. The ad valorem taxes available to the District for the purpose of repaying advances shall not exceed the mill levy allowed pursuant to the Mill Levy Equalization and Pledge Agreement. As of December 31, 2023, outstanding advances under the agreement totaled \$4,633,633 and accrued interest totaled \$521,370.

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

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had the following net investment in capital assets, calculated as follows:

Capital Assets, Net:	\$ 68,712,288
Noncurrent Portion of Outstanding Long-Term Obligations	(22,259,003)
Net Investment in Capital Assets	<u>\$ 46,453,285</u>
Capital Assets - Enterprise, Net:	\$ 42,362,278
Unspent Bond Proceeds	3,357,030
Bond Premium (Net of Accumulated Amortization)	814,678
Current Portion of Long-Term Obligations	(1,020,000)
Noncurrent Portion of Outstanding Long-Term Obligations	(51,780,000)
Net Investment in Capital Assets - Enterprise	<u>\$ (6,266,014)</u>

The restricted component of net position include net 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 a restricted net position as of December 31, 2023, as follows:

Restricted Net Position:	
Capital Projects	\$ 5,023,772
Special Revenue - Covenant Enforcement	266,634
Emergency Reserve	25,000
Special Revenue - Recreation Center	519,347
Total Restricted Net Position	<u>\$ 5,809,753</u>

NOTE 7 RELATED PARTIES

The original Developer of the property which constitutes the District, as well as the Reunion Development, was Shea Homes Limited Partnership. In 2017, Shea Homes sold the majority of the undeveloped property in the Reunion Development to Clayton Properties Group II, Inc. (the New Developer). The members of the Board of Directors are employees, owners, or otherwise associated with the Developer or New Developer, and may have conflicts of interest in dealing with the District.

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

NOTE 8 AGREEMENTS

Amended Mill Levy Equalization and Pledge Agreement

On June 3, 2016, the District entered into a Mill Levy Equalization and Pledge Agreement (MLEPA) with North Range Districts Nos 1-4 (collectively, the MLEPA Districts and individually, a MLEPA District) and was amended on May 1, 2017 in order to promote the integrated plan of development set forth in the Service Plans for the MLEPA Districts. The MLEPA is intended to ensure an equitable allocation among the MLEPA Districts of the costs of administering, acquiring, installing, constructing, designing, financing, operating, and maintaining streets, water, sanitation and various other public improvements (collectively, the Public Improvements) and services, as well as covenant enforcement services within the Districts.

Pursuant to the MLEPA, each applicable North Range District agrees to impose an Equalization Mill Levy consisting of the Debt Service Mill Levy plus the Operations and Maintenance Mill Levy in order to pay the Developer Debt, the senior bonds issued by the North Range Districts respectively, the Reunion debt, and the operations and maintenance costs of the Districts. The MLEPA generally defines the term Developer Debt as (i) amounts owed to the Developer by any applicable North Range District for advancing of guaranty payments on the Senior Bonds, for the provision of Public Improvements or for advancing of amounts to fund operations shortfalls and (ii) any other repayment obligation incurred by the MLEPA Districts in connection with advances made by the Developer to the MLEPA Districts for the purpose of paying the costs of designing, acquiring, installing, and constructing the Public Improvements or paying the operations and maintenance costs of the MLEPA Districts. The MLEPA defines the term "Senior Bonds" as all bonds issued by the applicable North Range District (now or in the future) which bonds shall be senior to any obligations of the applicable North Range District under the MLEPA as to the Developer Debt. The MLEPA defines the term Reunion Bonds as the Revenue Bonds, Series 2017 in an aggregate principal amount not to exceed \$21,600,000. So long as the 2017 Reunion Bonds remain outstanding, the North Range Districts shall each impose a Debt Service Mill Levy in the amount of 50 mills, subject to adjustment. As of the date of the amended MLEPA, no bonds, notes, Developer Debt, or any other debt obligation may be incurred by the North Range Districts. During 2023, the District received \$6,428,237 in payments under this agreement.

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

NOTE 8 AGREEMENTS (CONTINUED)

District Operating Services Agreement

On June 3, 2016 the District entered into the District Operating Services Agreement with all Districts that are a party to the MLEPA as previously described. While the MLEPA sets forth the terms on which the District imposes the Equalization Mill Levy and transfers of specified proceeds thereof to the District, the District Operating Services Agreement sets forth the obligations of the District with respect to such proceeds and with respect to its role as the Service District, as contemplated by the Districts' Service Plans. The District Operating Services Agreement states that, pursuant to the Districts' Service Plans, the MLEPA Districts are intended to coordinate their efforts with respect to all activities authorized by the Districts' Service Plan, including, without limitation, management and administration, structuring of financing, construction, and operations and maintenance of the Regional Public Improvements necessary and appropriate for the development of the Districts (defined as the Public Improvements for purposes of the District Operating Services Agreement), with the District acting on behalf of the applicable North Range Districts to lead such coordination.

In order to facilitate such coordination, the District Operating Services Agreement requires that the District provide Administrative Services and O&M Services to the applicable North Range Districts on the condition that the applicable North Range Districts observe and perform certain covenants and agreements, and are not otherwise in default under the District Operating Services Agreement. The agreement contemplates the possibility of the North Range Districts hiring separate administrative services, subject to conditions, including the amendment of the agreement. NRMD 1, NRMD 2 and NRMD 3 have hired their own manager. Administrative Services as defined by the District Operating Services Agreement, includes, among other services, coordination of Board meetings and financial reporting, insurance and election administration, budget preparation, supervision of contractors, investment oversight, coordination of professional services, and obtaining any and all governmental and/or administrative approvals necessary to the provision of the Public Improvements. O&M Services as defined by the District Operating Services Agreement includes the provision of the administrative services, and ownership, operation and maintenance of certain Public Improvements along with the Covenant Services. The District Operating Service Agreement also states that the District may provide architectural review and covenant enforcement services to property within the MLEPA Districts for the benefit of the MLEPA Districts through an agreement with an owners association, or as set forth in a declaration of covenants, conditions or restrictions, or similar instrument, as otherwise permitted by Title 32, C.R.S.

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

NOTE 8 AGREEMENTS (CONTINUED)

District Operating Services Agreement (Continued)

The District Operating Services Agreement further authorizes the District to establish from time to time a fair and equitable fee to provide a source of funding to pay for the O&M Services. Each applicable North Range District acknowledges in the District Operating Services Agreement that the District will make determinations as to the appropriate User Fees on an annual basis, taking into account mill levy revenues received under the MLEPA in each fiscal year. They further acknowledge that they shall be responsible for any and all costs, fees, charges, and expenses incurred by the District in providing the Administrative Services and O&M Services through the imposition of the Operations and Maintenance Mill Levy, as well as the Debt Service Mill Levy to the extent the District borrows revenues to pay the Operating Services. In the event revenues from the Operations and Maintenance Mill Levy received by the District under the MLEPA are not appropriated by the applicable North Range Districts or are otherwise insufficient to pay the Costs for whatever reason, the Reunion District may impose User Fees to pay all such Costs in accordance with the District Operating Services Agreement. The District agrees to apply revenues from the Operations and Maintenance Mill Levy received by it under the MLEPA to pay the Costs of the Operating Services in accordance with the MLEPA and the District Operating Services Agreement.

Development Fees

The District and the City of Commerce City have agreed to impose and collect certain system development fees on all property within the development and to use the revenue collected from those fees to fund public infrastructure within the development. A portion of the system development fees collected by the District from property within North Range Metropolitan District No. 2, up to a maximum of \$7,725,000, is pledged to pay the bonds of North Range Metropolitan District No. 2. Additionally, a portion of the system development fees collected by the District from property within North Range Metropolitan District No. 3 is pledged to pay the bonds of North Range Metropolitan District No. 3.

The District has entered into an agreement with the City of Commerce City whereby to the extent the District builds certain public infrastructure to benefit the District development, the District is entitled to receive the following from the Commerce City: a) proceeds from the Road Impact Fee assessed upon new development by Commerce City within the boundaries of the District and NRMD's; b) 33% of the revenue received with respect to building permits issued for property within the boundaries of the District and NRMD's; and c) an amount equal to 33% of any sales and use tax revenue collected by the City on property within the District and the NRMD's. The agreement commenced on January 1, 2002, and is binding for a term of 20 years. The agreement expired on December 31, 2021.

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

NOTE 8 AGREEMENTS (CONTINUED)

Development Fees (Continued)

The total revenues and transfers from the above are as follows:

	2023	Cumulative
System Development Fees (SDF)	\$ 774,375	\$ 17,299,210
Commerce City Road Impact Fees	-	4,623,480
Commerce City Building Permits	-	1,631,273
Commerce City Sales/Use Tax Revenue	-	7,110,244
Gross Revenue	\$ 774,375	\$ 30,664,207
Reunion SDF Transferred to NRMD 1	\$ -	\$ 5,499,973
Reunion SDF Transferred to NRMD 2	-	8,095,322
Reunion SDF Transferred to NRMD 3	504,450	4,599,381
Net Development Fees Collected	\$ 504,450	\$ 18,194,676

Cost Share Agreement Related to the 112th Ave Improvements

On November 4, 2019, the District entered into a Cost Share Agreement with the City of Commerce City for the purpose of funding the construction of 112th Avenue from Chambers Road to Parkside Drive North (the Project). The District will undertake and complete all the design and permitting work associated with the Project. The parties shall pay their percentage costs associated with the design work for the Project. The District shall fund the initial design work costs and the City shall reimburse the District for its portion upon submission of a design certification by the District engineer.

The District shall be responsible for coordinating the construction of each element of the Project. Total estimated City Share of the project costs is \$5,456,717. City shall pay the District \$500,000 as initial installment against its share of the project costs. Thereafter, at the conclusion of each following quarters, the City will issue quarterly payments in the amount of \$2,500,000 and \$2,000,000. A final payment in the amount of \$456,717 will be issued at the time of substantial completion, or the end of the 3rd quarter, whichever is later. Upon completion of the Project, operation and maintenance shall also be allocated among the parties. The District will be responsible for maintaining the landscaping and irrigation adjacent to the Reunion community, detention and water quality ponds constructed within Reunion Village 7-A and 7-B, and all underdrain infrastructure.

The City will be responsible for maintaining the 112th Ave and Buffalo Run parking lot expansion, landscaping and irrigation along the north and south side of 112th Ave adjacent to the Buffalo Run Golf Course, as well as landscaping and irrigation within the Buffalo Run Golf Course property, including any water bills to SACWSD. All potable and nonportable water lines and sanitary sewer infrastructure will be responsibility of SACWSD. On February 2, 2021, the agreement was amended to include reimbursement from the City in the amount of \$143,800 for the acquisition and transfer of parcel E-P2.

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

NOTE 8 AGREEMENTS (CONTINUED)

Intergovernmental Agreement with South Adams County Water and Sanitation District

On December 11, 2019, the District entered into an Intergovernmental Agreement with South Adams Water and Sanitation District (SACWSD) regarding the improvements of 112th Avenue from Chambers Road to Parkside Drive North (112th Improvements). SACWSD has requested a nonportable irrigation waterline be designed and built as part of the 112th Improvements. The District shall fund the costs associated with the design and construction of the waterline and SACWSD shall reimburse the District upon submission of a written certification by the District engineer.

Agreement Related to the Reunion Ridge Filing No. 1 and South Adams Project

On June 20, 2020, the District entered into an Agreement with South Adams County Water and Sanitation District for the purpose of the construction of SACWSD's Project, which crosses with the Reunion Ridge Filing No. 1 Project. The District will undertake and complete all the design and permitting work associated with both projects. The parties shall pay the costs associated with the design work for each respective Project. The District shall fund the initial costs and SACWSD shall reimburse the District for its portion of the project upon submission of a design certification by the District engineer.

NOTE 9 DEFERRED COMPENSATION PLAN

The District currently offers to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, the United States Council of Mayors Public Employees Deferred Compensation Program, administered by Nationwide Retirement Solutions. Participation in the plan is optional for all employees. However, the District will match employee contributions for regular full-time employees up to 3% of eligible compensation. The plan allows employees to defer a portion of their salary until future years. All amounts deferred are held in trust for the exclusive benefit of participating employees.

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 (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.

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

NOTE 10 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers' compensation 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 that apply to the state of Colorado and all local governments.

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

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District's operating revenues in the General Fund are property taxes transferred from the North Range Districts pursuant to an intergovernmental agreement. Therefore, the emergency reserve related to the revenues are reported in the respective North Range District.

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.

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

NOTE 12 LITIGATION

On December 8, 2022, the District filed a Complaint in Adams County District Court (Case No. 2022 CV 31644) (the "Litigation") against North Range Metropolitan District No. 1 and the Board of Directors of North Range Metropolitan District No. 1 (collectively, "NR1") and North Range Metropolitan District No. 2 and the Board of Directors of North Range Metropolitan District No. 2 (collectively, "NR2" and together with NR1, the "Defendants"). The Amended Complaint (filed December 12, 2022) summarizes the District's position as follows:

"Through this lawsuit, [the District] seeks a declaration that [NR1] and [NR2] cannot simply refuse to take legally required action to pay their debts incurred to fund tens of millions of dollars of public improvements installed within the boundaries of NR1 and NR2 (the "Public Improvements").

NR1 and NR2 are in violation of certain agreements between the parties as well as in violation of the Supplemental Public Securities Act, C.R.S. §11-57-201 et seq. To preserve the Public Improvements and to ensure compliance with the pertinent securities, Reunion asks the Court to declare that the [District and Defendant] agreements [particularly the Mill Levy Equalization and Pledge Agreement dated June 3, 2016, as amended (the "MLEPA") and the Operating Services Agreement, dated June 3, 2016] are valid, issue a preliminary and permanent injunction, issue a writ of mandamus, and to impose the equitable remedy of a receiver."

On January 1, 2023, the Defendants filed their Answer and Counterclaims. The Defendants asserted three counterclaims against the District: (1) declaratory relief that the MLEPA be deemed invalid, (2) breach of contract related to the MLEPA and (3) civil theft for transfer of funds subject to the MLEPA.

On February 21, 2023, the District filed a Motion to Dismiss Defendants' Counterclaims pursuant to C.R.C.P. 12(b)(1) and 12(b)(5). That motion is fully briefed but has not been ruled upon by the District Court.

On May 9, 2023, the District Court entered an Order Concerning Amended Motion for Appointment of Receiver, for Preliminary Injunction, and For Mandamus Relief, appointing The Receiver Group, LLC, as a receiver. Such order requires the Defendants to comply with the terms of the MLEPA. On May 19, 2023, the Defendants filed a Motion to Modify Order Concerning Amended Motion for Appointment of Receiver, for Preliminary Injunction, and for Mandamus Relief. That Motion is fully briefed, but has not been ruled on by the District Court.

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

NOTE 12 LITIGATION

On July 10, 2023, the District filed a Motion to Amend Complaint, asking the District Court for permission to add North Range Metropolitan District No. 3 and the Board of Directors of North Range Metropolitan District No. 3 (collectively, "NR3") to the Litigation due to NR3's failure to fully perform its obligations under the MLEPA beginning in May 2023.

On November 29, 2023, the District Court entered an Order granting Plaintiff's Motion to Amend Complaint. Pursuant to this order, the District filed its Second Amended Complaint on December 5, 2023 adding NR3 as a party to the matter.

On December 12, 2023, the Parties filed a Joint Advisement of Issues for December 21, 2023 Hearing related to NR1's refusal to impose the mill levies calculated by the District pursuant to the MLEPA. On that same day, the District Court entered its Mandamus Order ordering NR1 to impose the mill levy rates as established by the District.

On January 8, 2024, NR3 filed a Motion to Dismiss all Claims of the Second Amended Complaint against NR3. That Motion is fully briefed, but has not been ruled on by the District Court.

On March 5, 2024, NR1 and NR2 filed their First Amended Counterclaims against the District, which now include seven causes of action: (1) declaratory relief that the MLEPA be deemed invalid, (2) breach of contract related to the MLEPA, (3) breach of contract of the District Operating Services Agreement, (4) civil theft for transfer of funds subject to the MLEPA, (5) appointment of a receiver over the District, (6) injunctive relief and (7) mandamus relief for alleged violations of the mill levy imposed by NR1 and NR2, as instructed by the District under the MLEPA. On March 26, 2024, the District filed a Partial Motion to Dismiss First Amended Counterclaims, seeking to dismiss all of claims (1), (3) and (4) of claim (2). The District also asserted that NR1 and NR2 had not provided necessary pleadings for claims (5), (6) and (7). Separately, the District answered the First Amended Counterclaims to the extent not addressed in the Partial Motion to Dismiss. The foregoing Motion is fully briefed, but has not been ruled on by the District Court.

SUPPLEMENTARY INFORMATION

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

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Net Investment Income	\$ 10,000	\$ 43,500	\$ 43,406	\$ (94)
MLEPA Payment - NRMD 1	2,287,002	2,557,095	2,557,095	-
Total Revenues	<u>2,297,002</u>	<u>2,600,595</u>	<u>2,600,501</u>	<u>(94)</u>
EXPENDITURES				
Paying Agent/Trustee Fees	3,500	3,500	3,500	-
Bond Principal - Series 2017A	1,560,000	1,753,000	1,753,000	-
Bond Interest - Series 2017A	754,280	754,280	754,280	-
Contingency	-	4,220	-	4,220
Total Expenditures	<u>2,317,780</u>	<u>2,515,000</u>	<u>2,510,780</u>	<u>4,220</u>
NET CHANGE IN FUND BALANCE	(20,778)	85,595	89,721	4,126
Fund Balance - Beginning of Year	<u>33,062</u>	<u>25,709</u>	<u>25,709</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,284</u>	<u>\$ 111,304</u>	<u>\$ 115,430</u>	<u>\$ 4,126</u>

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
System Development Fees - NRMD3	\$ 656,250	\$ 774,375	\$ 118,125
Miscellaneous Income	-	11,763	11,763
Cost Reimbursement Commerce City	2,490,000	-	(2,490,000)
Cost Reimbursement Reunion Center MD	270,000	-	(270,000)
Cost Reimbursement Reunion Ridge MD	2,398,000	-	(2,398,000)
Cost Reimbursement Reunion Village MD	43,000	-	(43,000)
MLEPA Payment - NRMD4	2,103	2,153	50
Net Investment Income	2,000	404,154	402,154
Total Revenues	<u>5,861,353</u>	<u>1,192,445</u>	<u>(4,668,908)</u>
EXPENDITURES			
Intergovernmental	427,500	504,450	(76,950)
Accounting	25,000	9,692	15,308
Legal	30,000	10,877	19,123
District Management	5,000	3,836	1,164
Engineering	-	56,294	(56,294)
Altura Street (104th to 106th Ave)	3,250,000	-	3,250,000
Filing #34	-	1,033,684	(1,033,684)
Second Creek Crossing - O'Brian Canal	-	825	(825)
Reunion Village 7-B & 7-E	-	1,760	(1,760)
112th Ave/Chambers/Parkside	300,000	-	300,000
Reunion Ridge Filing 1	-	230,400	(230,400)
Reunion Ridge Filing 1 Landscape	79,827	757,526	(677,699)
Filing 38 Infrastructure	12,307	45,055	(32,748)
Filing 37 Landscape	78,500	36,806	41,694
Filing 27 Landscape	-	107,537	(107,537)
Chambers Road (106th to 112th)	6,225,000	-	6,225,000
High Plains Pkwy	220,000	-	220,000
Fencing	60,000	62,185	(2,185)
Contingency	156,866	-	156,866
Total Expenditures	<u>10,870,000</u>	<u>2,860,927</u>	<u>8,009,073</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,008,647)	(1,668,482)	3,340,165
OTHER FINANCING SOURCES (USES)			
Developer Advance Repayment	-	(1,033,684)	(1,033,684)
Developer Advance	654,715	1,970,115	1,315,400
Total Other Financing Sources (Uses)	<u>654,715</u>	<u>936,431</u>	<u>281,716</u>
NET CHANGE IN FUND BALANCE	(4,353,932)	(732,051)	3,621,881
Fund Balance - Beginning of Year	<u>4,377,696</u>	<u>9,072,517</u>	<u>4,694,821</u>
FUND BALANCE - END OF YEAR	<u>\$ 23,764</u>	<u>\$ 8,340,466</u>	<u>\$ 8,316,702</u>

**REUNION METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2023**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Administrative Fee	\$ 2,600	\$ 1,950	\$ (650)
ERU Building Credit Revenue	3,803,655	1,973,742	(1,829,913)
ERU Irrigation Credit Revenue	960,080	-	(960,080)
Interest Income	116,000	280,579	164,579
Total Revenues	4,882,335	2,256,271	(2,626,064)
EXPENDITURES			
ERU Admin Fee	10,506	10,506	-
Administrative and Filing Fees	10,000	-	10,000
Bond Interest - Series 2021A	1,580,138	1,580,138	-
Bond Principal - Series 2021A	925,000	925,000	-
Trustee Fees	10,000	10,000	-
Total Expenditures	2,535,644	2,525,644	10,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)			
	\$ 2,346,691	\$ (269,373)	\$ (2,616,064)
ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS			
Change in Funds Available		\$ (269,373)	
ERU Credits		(1,307,055)	
Accrued Interest Payable - Sub Bonds		(910,691)	
Bonds Payable		913,088	
CHANGE IN NET POSITION		(1,574,031)	
Total Net Position (Deficit) - Beginning of Year		(5,388,059)	
TOTAL NET POSITION (DEFICIT) - END OF YEAR		\$ (6,962,090)	

OTHER INFORMATION

**REUNION METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2023**

\$44,425,000 Special Revenue Bonds
Series 2021A
Dated June 30, 2021
Principal Due December 1
Interest Rate 3.625%
Payable June 1 and December 1

Year	Principal	Interest	Total
2024	\$ 1,020,000	\$ 1,546,606	\$ 2,566,606
2025	1,125,000	1,509,631	2,634,631
2026	1,205,000	1,468,850	2,673,850
2027	1,290,000	1,425,169	2,715,169
2028	1,375,000	1,378,406	2,753,406
2029	1,465,000	1,328,563	2,793,563
2030	1,560,000	1,275,456	2,835,456
2031	1,660,000	1,218,906	2,878,906
2032	1,765,000	1,158,731	2,923,731
2033	1,870,000	1,094,750	2,964,750
2034	1,985,000	1,026,963	3,011,963
2035	2,100,000	955,006	3,055,006
2036	2,205,000	878,881	3,083,881
2037	2,320,000	798,950	3,118,950
2038	2,435,000	714,850	3,149,850
2039	2,555,000	626,581	3,181,581
2040	2,680,000	533,963	3,213,963
2041	2,805,000	436,813	3,241,813
2042	2,940,000	335,131	3,275,131
2043	3,080,000	228,556	3,308,556
2044	3,225,000	116,906	3,341,906
Total	<u>\$ 42,665,000</u>	<u>\$ 20,057,668</u>	<u>\$ 62,722,668</u>