

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NOS. 1 & 2
2020 CONSOLIDATED ANNUAL REPORT
TO
THE TOWN OF PARKER

Pursuant to the Consolidated Service Plan for Reata Ridge Village Metropolitan District Nos. 1 & 2 (each a “District” and collectively, the “Districts”), and in accordance with §32-1-207(3)(c), C.R.S., the Districts are required to submit an annual report to the Town Clerk not later than September 1st of each calendar year, which annual report shall reflect activity and financial events of the Districts through the preceding December 31 (the “report year”).

A. A narrative summary of the progress of the Districts in implementing the Service Plan for the report year;

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

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

Copies of the 2020 Audits are attached hereto as **Exhibit A**.

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

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

D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new Districts indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the Districts in the report year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the report year and the current mill levy of the Districts pledged to debt retirement in

the report year;

The 2020 Audits (attached as Exhibit A) disclose a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new Districts indebtedness or long-term obligations issued in the report year, and the amount of payment or retirement of existing indebtedness of the Districts in the report year

The total assessed valuation of all taxable property within the Districts for the report year, as certified by the Douglas County Assessor is:

District No. 1:	\$3,051,100
District No. 2:	\$1,767,850

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

District No. 1:	36.807 mills (imposed in 2020 for collection in 2021)
District No. 2:	31.233 mills (imposed in 2020 for collection in 2021)

E. The District's budget for the calendar year in which the annual report is submitted;

A copy of the Districts' 2021 budgets are attached hereto as **Exhibit B**.

F. A summary of the residential and commercial development in the Districts for the report year;

Eighty-eight (88) building permits and sixty-two (62) COs were issued for residential development and three (3) building permits and two (2) COs were issued for commercial development in 2020. The Q4 Quarterly Report for District No. 2 is attached hereto as **Exhibit C**.

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

The Districts did not impose any fees, charges or assessments in 2020.

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

To the best of our knowledge, no action, event or condition enumerated in Town Code section 10.11.060 occurred in 2020.

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

DISTRICT NOS. 1 & 2 BOARD MEMBERS

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

GENERAL COUNSEL:

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

REGULAR MEETINGS:

November 10, 2021 at 10:00 a.m., at 8231 E. Prentice Ave., Greenwood Village, Colorado 80111.

I. Certification from the Board and an External Financial Advisor that the Districts is in compliance with all provisions of the Service Plan;

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

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

J. A copy of the most recent notice issued by the Districts, pursuant to Section 32-1-809,

C.R.S.;

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

EXHIBIT A
2020 Audits

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 1 as of December 31, 2020, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the net position as of December 31, 2019 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

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

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

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

Sincerely,


Wipfli LLP
Lakewood, Colorado

July 28, 2021

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash	\$ 37,558	\$ -	\$ 37,558	\$ -	\$ 37,558
Receivable - County Treasurer	254	427	681	-	681
Property taxes receivable	33,169	112,302	145,471	-	145,471
Prepaid expenses	<u>2,380</u>	<u>-</u>	<u>2,380</u>	<u>-</u>	<u>2,380</u>
Total Assets	<u>\$ 73,361</u>	<u>\$ 112,729</u>	<u>\$ 186,090</u>	<u>-</u>	<u>186,090</u>
LIABILITIES					
Accounts payable	\$ 1,553	\$ -	\$ 1,553	-	1,553
Due to District #2	<u>-</u>	<u>427</u>	<u>427</u>	<u>-</u>	<u>427</u>
Total Liabilities	<u>1,553</u>	<u>427</u>	<u>1,980</u>	<u>-</u>	<u>1,980</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>33,169</u>	<u>112,302</u>	<u>145,471</u>	<u>-</u>	<u>145,471</u>
Total Deferred Inflows of Resources	<u>33,169</u>	<u>112,302</u>	<u>145,471</u>	<u>-</u>	<u>145,471</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	2,380	-	2,380	(2,380)	-
Restricted:					
Emergencies	737	-	737	(737)	-
Assigned:					
Subsequent years disbursements	<u>35,522</u>	<u>-</u>	<u>35,522</u>	<u>(35,522)</u>	<u>-</u>
Total Fund Balances	<u>38,639</u>	<u>-</u>	<u>38,639</u>	<u>(38,639)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 73,361</u>	<u>\$ 112,729</u>	<u>\$ 186,090</u>		
Net Position:					
Restricted for:					
Emergencies				737	737
Unrestricted				<u>37,902</u>	<u>37,902</u>
Total Net Position				<u>\$ 38,639</u>	<u>\$ 38,639</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Accounting and audit	\$ 12,127	\$ -	\$ 12,127	\$ -	\$ 12,127
Insurance	2,650	-	2,650	-	2,650
Legal	7,807	-	7,807	-	7,807
Transfers to District #2	-	59,129	59,129	-	59,129
Treasurer's fees	493	828	1,321	-	1,321
	<u>23,077</u>	<u>59,957</u>	<u>83,034</u>	<u>-</u>	<u>83,034</u>
Total Expenditures					
GENERAL REVENUES					
Property taxes	32,864	55,174	88,038	-	88,038
Specific ownership taxes	2,835	4,759	7,594	-	7,594
Interest income	15	24	39	-	39
	<u>35,714</u>	<u>59,957</u>	<u>95,671</u>	<u>-</u>	<u>95,671</u>
Total General Revenues					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	12,637	-	12,637	-	12,637
NET CHANGES IN FUND BALANCES					
	12,637	-	12,637	(12,637)	
CHANGE IN NET POSITION					
				12,637	12,637
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR, RESTATED	26,002	-	26,002	-	26,002
END OF YEAR	<u>\$ 38,639</u>	<u>\$ -</u>	<u>\$ 38,639</u>	<u>\$ -</u>	<u>\$ 38,639</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2020

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 32,864	\$ 32,864	\$ -
Specific ownership taxes	2,629	2,835	206
Interest income	-	15	15
Total Revenues	<u>35,493</u>	<u>35,714</u>	<u>221</u>
EXPENDITURES			
Accounting and audit	13,000	12,127	873
Dues	175	-	175
Insurance	3,070	2,650	420
Legal	15,000	7,807	7,193
Miscellaneous expenses	1,000	-	1,000
Treasurer's fees	493	493	-
Contingency	27,879	-	27,879
Emergency reserve	982	-	982
Total Expenditures	<u>61,599</u>	<u>23,077</u>	<u>38,522</u>
NET CHANGE IN FUND BALANCE	(26,106)	12,637	38,743
FUND BALANCE:			
BEGINNING OF YEAR	<u>26,106</u>	<u>26,002</u>	<u>(104)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 38,639</u>	<u>\$ 38,639</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized on May 3, 2016, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the property owners and taxpayers of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Basis of Presentation

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

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

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

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

Budgetary Accounting

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

On November 12, 2020, the District amended its total appropriations in the Debt Service Fund from \$59,035 to \$59,060 primarily due to the receipt of specific ownership taxes above the amount budgeted and transferred to District No. 2 pursuant to the Capital Pledge Agreement (see Note 9). On July 22, 2021, the District amended its total appropriations in the Debt Service Fund from \$59,060 to \$59,957 primarily due to the receipt of additional specific ownership taxes above the amount budgeted and transferred to District No. 2 pursuant to the Capital Pledge Agreement (see Note 9).

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits

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

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. No depreciation expense was recognized during 2020. At December 31, 2020, the District did not have any capital assets.

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Balance

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$2,380 represents prepaid expenditures.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$737 of the General Fund balance has been restricted in compliance with this requirement.

Committed Fund Balance

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

Assigned Fund Balance

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

The assigned fund balance in the amount of \$35,522 in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2020.

Unassigned Fund Balance

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

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

Net Position

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

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

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

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

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

Note 2: Cash

As of December 31, 2020, cash is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	<u>\$ 37,558</u>
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Cash as of December 31, 2020, consist of the following:

Deposits with financial institutions	<u>\$ 37,558</u>
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Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

Developer Advances - Capital

On December 5, 2017, Reata Ridge Village Metropolitan District No. 2 ("District No. 2"), and Reata Ridge Realty Partners, LLC (the "Developer") entered into an Infrastructure Acquisition and Reimbursement Agreement (the "Acquisition Agreement"). Pursuant to the Acquisition Agreement, the District and District No. 2 (the "Districts") acknowledged that the Developer had incurred certain costs related to the public infrastructure for the benefit of the Districts and expects to incur additional costs. Per the Acquisition Agreement, the Districts will reimburse the Developer for all District Eligible Costs to the extent constituting Repayment Obligations (as defined in the Acquisition Agreement), acquire Public Infrastructure constructed for the benefit of the Districts from the Developer that is not being dedicated to other governmental entities, and to pay all reasonable costs thereto and reimburse the

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties on behalf of the Districts. The Repayment Obligation shall bear simple interest at a rate of 8% per annum from the date any such Repayment Obligation is incurred, to the earlier of the date a Reimbursement Obligation (as defined in the Acquisition Agreement) is issued or the date of payment of such amount in full. The Districts intend to repay all District Eligible Costs, together with interest thereon, subject to annual appropriation and budget approval. In 2018 and 2019, the District repaid Developer Advances in the amount of \$5,172 and \$33,986, respectively. As of December 31, 2020, there are no amounts due under the Acquisition Agreement.

Developer Advances - Operations

On August 4, 2016, District No. 2, and the Developer entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the "O&M Agreement"). Pursuant to the O&M Agreement, the Developer agrees to loan the Districts, one or more sums of money as requested by the Districts for the Costs (as defined in the O&M Agreement) or to be incurred by the Districts and the Districts acknowledged that the Developer had incurred Costs on behalf of the Districts prior to the execution of this Agreement. The Reimbursement Obligation (as defined in the O&M Agreement) shall bear simple interest at a rate of 8% per annum from the date any such advance is made, to the earlier of the date a Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount. The term for repayment of this obligation shall not extend beyond 40 years from the date of this agreement and shall be specifically subject to the Districts' electoral and Service Plan authorization. The Districts intend to repay any advances for Costs from ad valorem taxes, fees or other legally available revenues from the Districts, net of any debt service or current operations and maintenance costs of the Districts. Any mill levy certified by the Districts for the purposes of repaying advances made hereunder shall not exceed 50 mills and shall be further subject to any restrictions provided in the Districts' Service Plan, electoral authorizations or any applicable laws. In 2018 and 2019, the District repaid Developer Advances in the amount of \$13,028 and \$9,072, respectively. As of December 31, 2020, there are no amounts due under the O&M Agreement.

As of December 31, 2020, the District had remaining voted debt authorization of approximately \$109,500,000. The District has not budgeted to issue any additional debt in 2021. Per the District and District No. 2's Service Plan and the Intergovernmental Agreement with the Town of Parker, the Districts shall have the authority to issue debt for regional improvements in an amount not to exceed \$6,600,000.

Note 4: Related Party

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Note 5: Tax, Spending and Debt Limitations

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

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

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

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

Note 6: Risk Management

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

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2020

Note 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds.

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

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives.

Note 8: Intergovernmental Agreements

On August 4, 2016, the District and District No. 2 entered into an Intergovernmental Agreement with the Town of Parker (the "Town"). Under this agreement, the Districts must obtain the approval of the Town Council prior to any inclusion of property outside of the service area into the boundaries of the District. Prior to issuance of any privately placed debt, the Districts shall obtain a certificate from an External Financial Advisor certifying the reasonableness of the interest rate and the structure. The Agreement requires the Districts to dedicate the public improvements to the Town or other appropriate jurisdiction or owners association for ownership and maintenance consistent with the final approved plat(s) and subdivision agreements for the Property located within the Districts' boundaries, other rules and regulations of the Town, and applicable provisions of the Town Code. The Districts shall not be authorized to operate and maintain any part or all of the Public Improvements. Per the Agreement, the Districts shall not issue debt in excess of \$6,600,000.

Capital Pledge Agreement

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2020

Note 9: Restatement

Net position as of December 31, 2019 was restated to correctly reflect the write off of Organizational Costs. The effect of the restatement is as follows:

Net position, December 31, 2019 as originally reported	\$ 58,913
Write off organization costs	<u>(32,911)</u>
Net position, December 31, 2019, restated	<u>\$ 26,002</u>

The notes to the Financial Statements are an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

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

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 55,173	\$ 55,174	\$ 55,174	\$ -
Specific ownership taxes	3,862	4,759	4,759	-
Interest income	<u>-</u>	<u>24</u>	<u>24</u>	<u>-</u>
Total Revenues	<u>59,035</u>	<u>59,957</u>	<u>59,957</u>	<u>-</u>
EXPENDITURES				
Transfers to District #2	58,207	59,129	59,129	-
Treasurer's fees	<u>828</u>	<u>828</u>	<u>828</u>	<u>-</u>
Total Expenditures	<u>59,035</u>	<u>59,957</u>	<u>59,957</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2020

Levy Year Ended <u>December 31,</u>	Collection Year Ended <u>December 31,</u>	Assessed <u>Valuation</u>	<u>% Increase</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
				<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected (1)</u>	
2018	2019	\$ 1,489,230		47.347	0.000	\$ 70,511	\$ 70,511	100.00%
2019	2020	\$ 1,846,500		17.798	29.880	\$ 88,037	\$ 88,038	100.00%
2020	2021	\$ 3,051,100		10.871	36.807	\$ 145,471		

NOTE

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

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1

CONTINUING DISCLOSURE ANNUAL
FINANCIAL INFORMATION

December 31, 2020

(Unaudited)

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

Levy Year	Collection Year	Assessed Valuation	Percent Increase	Mill Levy
2019	2020	1,846,500	0%	29.880
2020	2021	3,051,100	65%	36.807

Property Tax Collections in District No. 1

Levy Year	Collection Year	Taxes Levied	Current Tax Collections (1)	Current Collections as % of Tax Levied
2019	2020	55,173	55,174	100%
2020	2021	112,302		

(1) Figures are through December 31, 2020

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reata Ridge Village Metropolitan District No. 2 as of December 31, 2020, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the net position as of December 31, 2019 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

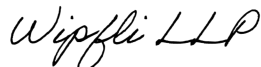
Other Matters

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

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

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

Sincerely,



Wipfli LLP
Lakewood, Colorado

July 28, 2021

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of Net Position
ASSETS						
Cash	\$ 37,463	\$ -	\$ -	\$ 37,463	\$ -	\$ 37,463
Cash - restricted	-	534,263	-	534,263	-	534,263
Receivable - County Treasurer	254	79	-	333	-	333
Property taxes receivable	33,177	55,215	-	88,392	-	88,392
Due from District No. 1	-	427	-	427	-	427
Prepaid expenses	2,405	-	-	2,405	-	2,405
Total Assets	<u>\$ 73,299</u>	<u>\$ 589,984</u>	<u>\$ -</u>	<u>\$ 663,283</u>	<u>-</u>	<u>663,283</u>
LIABILITIES						
Accounts payable	\$ 1,444	\$ -	\$ -	\$ 1,444	-	1,444
Accrued interest on bonds	-	-	-	-	18,792	18,792
Long-term liabilities:						
Due in more than one year	-	-	-	-	9,509,846	9,509,846
Total Liabilities	<u>1,444</u>	<u>-</u>	<u>-</u>	<u>1,444</u>	<u>9,528,638</u>	<u>9,530,082</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>33,177</u>	<u>55,215</u>	<u>-</u>	<u>88,392</u>	<u>-</u>	<u>88,392</u>
Total Deferred Inflows of Resources	<u>33,177</u>	<u>55,215</u>	<u>-</u>	<u>88,392</u>	<u>-</u>	<u>88,392</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	2,405	-	-	2,405	(2,405)	-
Restricted:						
Emergencies	751	-	-	751	(751)	-
Debt service	-	534,769	-	534,769	(534,769)	-
Assigned:						
Subsequent years disbursements	18,451	-	-	18,451	(18,451)	-
Unassigned	<u>17,071</u>	<u>-</u>	<u>-</u>	<u>17,071</u>	<u>(17,071)</u>	<u>-</u>
Total Fund Balances	<u>38,678</u>	<u>534,769</u>	<u>-</u>	<u>573,447</u>	<u>(573,447)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 73,299</u>	<u>\$ 589,984</u>	<u>\$ -</u>	<u>\$ 663,283</u>		
Net Position:						
Restricted for:						
Emergencies					751	751
Debt service					515,977	515,977
Unrestricted					<u>(9,471,919)</u>	<u>(9,471,919)</u>
Total Net Position					<u>\$ (8,955,191)</u>	<u>\$ (8,955,191)</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES						
Accounting and audit	\$ 12,627	\$ -	\$ -	\$ 12,627	\$ -	\$ 12,627
Insurance	2,650	-	-	2,650	-	2,650
Legal	7,807	-	-	7,807	-	7,807
Treasurer's fees	493	153	-	646	-	646
Bond interest expense	-	207,335	-	207,335	108,141	315,476
Bond issuance costs	-	-	103,000	103,000	-	103,000
Conveyed to other governmental entities	-	-	-	-	7,412,726	7,412,726
Developer advances - interest	-	-	849	849	255,887	256,736
	<u>-</u>	<u>-</u>	<u>849</u>	<u>849</u>	<u>255,887</u>	<u>256,736</u>
Total Expenditures	<u>23,577</u>	<u>207,488</u>	<u>103,849</u>	<u>334,914</u>	<u>7,776,754</u>	<u>8,111,668</u>
GENERAL REVENUES						
Property taxes	32,864	10,198	-	43,062	-	43,062
Specific ownership taxes	2,835	880	-	3,715	-	3,715
Transfer from District #1	-	59,129	-	59,129	-	59,129
Interest income	-	3,715	540	4,255	-	4,255
	<u>-</u>	<u>3,715</u>	<u>540</u>	<u>4,255</u>	<u>-</u>	<u>4,255</u>
Total General Revenues	<u>35,699</u>	<u>73,922</u>	<u>540</u>	<u>110,161</u>	<u>-</u>	<u>110,161</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	12,122	(133,566)	(103,309)	(224,753)	(7,776,754)	(8,001,507)
NET CHANGES IN FUND BALANCES						
	12,122	(133,566)	(103,309)	(224,753)	224,753	
CHANGE IN NET POSITION						
					(8,001,507)	(8,001,507)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR, as restated	26,556	668,335	103,309	798,200	(1,751,884)	(953,684)
END OF YEAR	<u>\$ 38,678</u>	<u>\$ 534,769</u>	<u>\$ -</u>	<u>\$ 573,447</u>	<u>\$ (9,528,638)</u>	<u>\$ (8,955,191)</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2020

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 32,864	\$ 32,864	\$ -
Specific ownership taxes	<u>2,629</u>	<u>2,835</u>	<u>206</u>
Total Revenues	<u>35,493</u>	<u>35,699</u>	<u>206</u>
EXPENDITURES			
Accounting and audit	13,000	12,627	373
Dues	650	-	650
Insurance	3,050	2,650	400
Legal	15,000	7,807	7,193
Miscellaneous expenses	1,000	-	1,000
Treasurer's fees	493	493	-
Repay developer advances	19,055	-	19,055
Contingency	9,893	-	9,893
Emergency reserve	<u>996</u>	<u>-</u>	<u>996</u>
Total Expenditures	<u>63,137</u>	<u>23,577</u>	<u>39,560</u>
NET CHANGE IN FUND BALANCE	(27,644)	12,122	39,766
FUND BALANCE:			
BEGINNING OF YEAR	<u>27,644</u>	<u>26,556</u>	<u>(1,088)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 38,678</u>	<u>\$ 38,678</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized on May 3, 2016, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the property owners and taxpayers of the District. The District's primary revenues are property taxes and transfers from Reata Ridge Village Metropolitan District No. 1 ("District No. 1"). The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

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

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

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Budgetary Accounting

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

On July 22, 2021, the District amended its total appropriations in the Capital Projects Fund from \$0 to \$103,849 primarily due to the payment of bond issuance costs.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits

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

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Bond Premium

The Bond Premium from the Series 2019A Bonds in the original amount of \$225,184 is being amortized over the respective terms of the bonds using the interest/straight-line method. Accumulated amortization of the bond premium amounted to \$9,579 at December 31, 2020.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. No depreciation expense was recognized during 2020. At December 31, 2020, the District did not have any capital assets.

Long-Term Obligations

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

Property Taxes

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Balance

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$2,405 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$751 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$534,769 is restricted for the payment of the debt service costs associated with the Series 2019A and Series 2019B₍₃₎ Bonds (see Note 4).

Committed Fund Balance

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

Assigned Fund Balance

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

The assigned fund balance in the General Fund in the amount of \$18,451 represents the amount appropriated for use in the budget for the year ending December 31, 2021.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Unassigned Fund Balance

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

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

Net Position

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

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

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

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

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

The District has a deficit in unrestricted net position as of December 31, 2020. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements that were conveyed to other governmental entities and which costs were removed from the District's financial records.

Note 2: Cash and investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ 37,463
Cash – Restricted	<u>534,263</u>
Total	\$ <u>571,726</u>

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Cash and investments as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 37,463
Investments – CSAFE	<u>534,263</u>
	\$ <u>571,726</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost. The District’s investments are not required to be categorized within the fair value hierarchy. This investments’ values are calculated using the net asset value method (NAV) per share.

Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Interest Rate Risk

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

As of December 31, 2020, the District had the following investments:

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust ("CSAFE"), is rated AAAm by Standard and Poor's and the maturity is weighted average under 60 days. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records identify the investments owned by CSAFE. At December 31, 2020, the District had \$534,263 invested in CSAFE held by a trustee.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 7,412,726	\$ -	\$7,412,726	\$ -
Total capital assets not being depreciated	<u>7,412,726</u>	<u>-</u>	<u>7,412,726</u>	<u>-</u>
Government type assets, net	<u>\$ 7,412,726</u>	<u>\$ -</u>	<u>\$7,412,726</u>	<u>\$ -</u>

During 2020, the District conveyed assets to the Parker Water and Sanitation District and the Town of Parker.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

Series 2019A Limited Tax General Obligation Bonds

The District issued \$4,510,000 of Limited Tax General Obligation Bonds, Series 2019A (the “Series 2019A Bonds”) dated December 31, 2019. The Series 2019A Bonds were issued for the purposes of funding the costs of public improvements for the benefit of the District and District No. 1, providing capitalized interest for payment of a portion of the interest of the Series 2019A Bonds, funding the Series 2019A Reserve Fund and paying the costs of issuance of the Series 2019A Bonds. The Series 2019A Bonds bear interest at the rate of 5.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2020. The Series 2019A Bonds are secured by Pledged Revenues including the Issuer Senior Required Mill Levy (as defined in the Indenture of Trust for the Series 2019A Bonds or the “Series 2019A Indenture”), the District No. 1 Senior Required Mill Levy (as defined in the Series 2019A Indenture), specific ownership taxes attributable to the Issuer’s and District No. 1’s Senior Required Mill Levies and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Senior Indenture Trustee for application as Senior Pledged Revenue. The Series 2019A Bonds are also secured by a Reserve Requirement in the amount of \$348,250 and a Surplus Fund Requirement of \$451,000. As long as the amount on deposit in the Surplus Fund is less than the Surplus Fund Requirement, the Required Mill levy shall equal 50 mills from the District and 47.678 mills from District No. 1 less their respective Operations Levies. As of December 31, 2020, the District has \$348,241 deposited in the Reserve Fund and \$0 deposited in the Surplus Fund.

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

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Series 2019B₍₃₎ Subordinate Limited Tax General Obligation Bonds

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

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

Developer Advances - Capital

On December 5, 2017, the District and Reata Ridge Realty Partners, LLC (the “Developer”) entered into an Infrastructure Acquisition and Reimbursement Agreement (the “Acquisition Agreement”). Pursuant to the Acquisition Agreement, the Districts acknowledged that the Developer had incurred certain costs related to the public infrastructure for the benefit of the District and District No. 1 (the “Districts”) and expects to incur additional costs. Per the Acquisition Agreement, the Districts will reimburse the Developer for all District Eligible Costs to the extent constituting Repayment Obligations (as defined in the Acquisition Agreement), acquire Public Infrastructure constructed for the benefit of the Districts from the Developer that is not being dedicated to other governmental entities, and to pay all reasonable costs thereto and reimburse the Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties on behalf of the Districts. The Repayment Obligation shall bear simple interest at a rate of 8% per annum from the date any such Repayment Obligation is incurred, to the earlier of the date a Reimbursement Obligation (as defined in the Acquisition Agreement) is issued or the date of payment of such amount in full. The Districts intend to repay all District Eligible Costs, together with interest thereon, subject to annual appropriation and budget approval. In 2018, 2019 and 2020, the District repaid Developer Advances in the amount of \$5,173, \$4,918,935 and \$849, respectively. As of December 31, 2020, the principal amount of the reimbursement obligation under the Acquisition Agreement was \$3,200,426 along with accrued interest in the amount of \$255,887.

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

Developer Advances - Operations

On August 4, 2016, the District and the Developer entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the "O&M Agreement"). Pursuant to the O&M Agreement, the Developer agrees to loan the District and District No. 1 (the "Districts"), one or more sums of money as requested by the Districts for the Costs (as defined in the O&M Agreement) or to be incurred by the Districts and the Districts acknowledged that the Developer had incurred Costs on behalf of the Districts prior to the execution of this Agreement. The Reimbursement Obligation (as defined in the O&M Agreement) shall bear simple interest at a rate of 8% per annum from the date any such advance is made, to the earlier of the date a Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount. The term for repayment of this obligation shall not extend beyond 40 years from the date of this agreement and shall be specifically subject to the Districts' electoral and Service Plan authorization. The Districts intend to repay any advances for Costs from ad valorem taxes, fees or other legally available revenues from the Districts, net of any debt service or current operations and maintenance costs of the Districts. Any mill levy certified by the Districts for the purposes of repaying advances made hereunder shall not exceed 50 mills and shall be further subject to any restrictions provided in the Districts' Service Plan, electoral authorizations or any applicable laws. In 2018 and 2019, the District repaid Developer Advances in the amount of \$21,918 and \$5,309, respectively. As of December 31, 2020, there are no amounts due under the O&M Agreement.

The following is an analysis of changes in long-term debt for the year ending December 31, 2020:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Current Portion
<u>General Obligation Bonds</u>					
Limited Tax General Obligation Bonds Series 2019A	\$4,510,000	\$ -	\$ -	\$4,510,000	\$ -
Subordinate Limited Tax General Obligation Bonds Series 2019B(3)	1,229,000	-	-	1,229,000	-
Subordinate Limited Tax General Obligation Bonds Series 2019B(3) - Accrued Interest	-	98,928	-	98,928	-
Bond premium - Series 2019A	225,184	-	(9,579)	215,605	-
Total	5,964,184	98,928	(9,579)	6,053,533	-
<u>Other</u>					
Developer Advance - Capital	3,200,426	-	-	3,200,426	-
Developer accrued interest - Capital	-	256,736	(849)	255,887	-
Total	3,200,426	256,736	(849)	3,456,313	-
	<u>\$9,164,610</u>	<u>\$355,664</u>	<u>\$(10,428)</u>	<u>\$9,509,846</u>	<u>\$ -</u>

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

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

	Principal	Interest	Total
2021	\$ -	\$ 225,500	\$ 225,500
2022	5,000	225,500	230,500
2023	45,000	225,250	270,250
2024	55,000	223,000	278,000
2025	55,000	220,250	275,250
2026-2030	375,000	1,053,250	1,428,250
2031-2035	555,000	942,000	1,497,000
2036-2040	800,000	780,750	1,580,750
2041-2045	1,105,000	551,750	1,656,750
2046-2049	<u>1,515,000</u>	<u>219,500</u>	<u>1,734,500</u>
	<u>\$4,510,000</u>	<u>\$4,666,750</u>	<u>\$9,176,750</u>

As of December 31, 2020, the District had remaining voted debt authorization of approximately \$103,761,000. The District has not budgeted to issue any additional debt in 2021. Per the District and District No. 1's Service Plan and the Intergovernmental Agreement with the Town of Parker, the Districts shall have the authority to issue debt for regional improvements in an amount not to exceed \$6,600,000.

Note 5: Related Party

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

Note 6: Tax, Spending and Debt Limitations

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

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

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

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

Note 7: Risk Management

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

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

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

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

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2020

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

Note 9: Intergovernmental Agreements

Town of Parker Intergovernmental Agreement

On August 4, 2016, the District and District No. 1 entered into an Intergovernmental Agreement with the Town of Parker (the "Town"). Under this agreement, the Districts must obtain the approval of the Town Council prior to any inclusion of property outside of the service area into the boundaries of the Districts. Prior to issuance of any privately placed debt, the Districts shall obtain a certificate from an External Financial Advisor certifying the reasonableness of the interest rate and the structure. The Agreement requires the Districts to dedicate the public improvements to the Town or other appropriate jurisdiction or owners association for ownership and maintenance consistent with the final approved plat(s) and subdivision agreements for the Property located within the Districts' boundaries, other rules and regulations of the Town, and applicable provisions of the Town Code. The District shall not be authorized to operate and maintain any part or all of the Public Improvements. Per the Agreement, the Districts shall not issue debt in excess of \$6,600,000.

Capital Pledge Agreement

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2020

Note 10: Restatement

Net position as of December 31, 2019 was restated to correctly reflect the write off of Organizational Costs. The effect of the restatement is as follows:

Net position, December 31, 2019 as originally reported	\$ (920,773)
Write off organization costs	<u>(32,911)</u>
Net position, December 31, 2019, restated	<u><u>\$ (953,684)</u></u>

The notes to the Financial Statements are an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2020

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 10,198	\$ 10,198	\$ -
Specific ownership taxes	714	880	166
Transfer from District #1	58,207	59,129	922
Interest income	<u>-</u>	<u>3,715</u>	<u>3,715</u>
Total Revenues	<u>69,119</u>	<u>73,922</u>	<u>4,803</u>
EXPENDITURES			
Bond interest expense	225,332	207,335	17,997
Treasurer's fees	<u>153</u>	<u>153</u>	<u>-</u>
Total Expenditures	<u>225,485</u>	<u>207,488</u>	<u>17,997</u>
NET CHANGE IN FUND BALANCE	(156,366)	(133,566)	22,800
FUND BALANCE:			
BEGINNING OF YEAR	<u>644,957</u>	<u>668,335</u>	<u>23,378</u>
END OF YEAR	<u>\$ 488,591</u>	<u>\$ 534,769</u>	<u>\$ 46,178</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

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

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Interest income	\$ -	\$ 540	\$ 540	\$ -
Total Revenues	-	540	540	-
EXPENDITURES				
Bond issuance costs	-	103,000	103,000	-
Repay developer advances	-	849	849	-
Total Expenditures	-	103,849	103,849	-
NET CHANGE IN FUND BALANCE	-	(103,309)	(103,309)	-
FUND BALANCE:				
BEGINNING OF YEAR	-	103,309	103,309	-
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2020

Levy Year Ended <u>December 31,</u>	Collection Year Ended <u>December 31,</u>	Assessed <u>Valuation</u>	<u>% Increase</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
				<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected (1)</u>	
2018	2019	\$ 869,410		50.000	0.000	\$ 43,471	\$ 43,471	100.00%
2019	2020	\$ 861,240		38.159	11.841	\$ 43,062	\$ 43,062	100.00%
2020	2021	\$ 1,767,850		18.767	31.233	\$ 88,392		

NOTE

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

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2

CONTINUING DISCLOSURE ANNUAL
FINANCIAL INFORMATION

December 31, 2020

(Unaudited)

History of Assessed Valuations and Mill Levies for the District

Levy Year	Collection Year	Assessed Valuation	Percent Increase	Mill Levy
2019	2020	861,240	0%	11.841
2020	2021	1,767,850	105%	31.233

Debt Service Property Tax Collections in the District

Levy Year	Collection Year	Taxes Levied	Current Tax Collections (1)	Current Collections as % of Tax Levied
2019	2020	10,198	10,198	100%
2020	2021	55,215		

(1) Figures are through December 31, 2020

EXHIBIT B
2021 Budgets

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 1
2021
BUDGET MESSAGE

Attached please find a copy of the adopted 2021 budget for the Reata Ridge Village Metropolitan District No. 1.

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

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

The primary source of revenue for the District in 2021 will be property taxes. The District intends to impose a 47.678 mill levy on the property within the District for 2021, of which 10.871 mills will be dedicated to the General Fund and 36.807 mills will be dedicated to the Debt Service Fund.

Reata Ridge Village Metropolitan District No. 1
Adopted Budget
General Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 5,066	\$ 26,106	\$ 26,002	\$ 26,002	\$ 40,317
Revenues:					
Property taxes	70,511	32,864	32,864	32,864	33,169
Specific ownership taxes	7,072	2,629	2,074	2,629	2,321
Interest income	-	-	15	15	9
Total revenues	<u>77,583</u>	<u>35,493</u>	<u>34,953</u>	<u>35,508</u>	<u>35,499</u>
Total funds available	<u>82,649</u>	<u>61,599</u>	<u>60,955</u>	<u>61,510</u>	<u>75,816</u>
Expenditures:					
Accounting / audit	5,799	13,000	10,543	12,400	12,600
Legal	3,786	15,000	4,220	5,650	7,500
Insurance	2,946	3,070	2,650	2,650	2,800
Dues	-	175	-	-	175
Miscellaneous	-	1,000	-	-	1,000
Treasurer's Fees	1,058	493	493	493	499
Repay developer advances	43,058	-	-	-	-
Transfer to District No. 2 Debt Service	-	-	-	-	15,505
Contingency	-	27,879	-	-	35,000
Emergency reserve (3%)	-	982	-	-	737
Total expenditures	<u>56,647</u>	<u>61,599</u>	<u>17,906</u>	<u>21,193</u>	<u>75,816</u>
Ending fund balance	<u>\$ 26,002</u>	<u>\$ -</u>	<u>\$ 43,049</u>	<u>\$ 40,317</u>	<u>\$ 0</u>
Assessed valuation	<u>1,489,230</u>	<u>1,846,500</u>			<u>3,051,100</u>
Mill Levy	<u>47.347</u>	<u>17.798</u>			<u>10.871</u>

Reata Ridge Village Metropolitan District No. 1
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	-	55,173	55,174	55,174	112,302
Specific ownership taxes	-	3,862	3,481	3,862	7,861
Interest income	-	-	24	24	32
	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>	<u>32</u>
Total revenues	<u>-</u>	<u>59,035</u>	<u>58,679</u>	<u>59,060</u>	<u>120,195</u>
Total funds available	<u>-</u>	<u>59,035</u>	<u>58,679</u>	<u>59,060</u>	<u>120,195</u>
Expenditures:					
Transfer to District #2	-	58,207	57,851	58,232	118,510
Treasurer's fees	-	828	828	828	1,685
	<u>-</u>	<u>828</u>	<u>828</u>	<u>828</u>	<u>1,685</u>
Total expenditures	<u>-</u>	<u>59,035</u>	<u>58,679</u>	<u>59,060</u>	<u>120,195</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation	<u>\$ 1,489,230</u>	<u>\$ 1,846,500</u>			<u>\$ 3,051,100</u>
Mill Levy	<u>-</u>	<u>29.880</u>			<u>36.807</u>
Total Mill Levy	<u>47.347</u>	<u>47.678</u>			<u>47.678</u>

REATA RIDGE VILLAGE METROPOLITAN DISTRICT NO. 2
2021
BUDGET MESSAGE

Attached please find a copy of the adopted 2021 budget for the Reata Ridge Village Metropolitan District No. 2.

The Reata Ridge Village Metropolitan District No. 2 has adopted three separate funds, a General Fund to provide for the payment of general operating expenditures; a Debt Service Fund to provide for payments on the outstanding and proposed general obligation debt; and a Capital Project Fund to provide for the estimated infrastructure costs that are to be built for the benefit of the District.

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

The primary sources of revenue for the District in 2021 will be property taxes and transfers from Reata Ridge Village Metropolitan District No. 1. The District intends to impose a 50.000 mill levy on the property within the District for 2021, of which 18.767 mills will be dedicated to the General Fund and the balance of 31.233 mills will be dedicated to the Debt Service Fund.

Reata Ridge Village Metropolitan District No. 2
Adopted Budget
General Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 11,922	\$ 27,644	\$ 26,556	\$ 26,556	\$ 18,451
Revenues:					
Property taxes	43,471	32,864	32,864	32,864	33,177
Specific ownership taxes	4,360	2,629	2,074	2,629	2,322
Developer advances	-	-	-	-	-
Interest income	435	-	-	-	-
Total revenues	48,266	35,493	34,938	35,493	35,499
Total funds available	60,188	63,137	61,494	62,049	53,950
Expenditures:					
Accounting / audit	5,799	13,000	11,043	14,750	12,600
Legal	3,786	15,000	4,220	5,650	7,500
Insurance	2,924	3,050	2,650	2,650	2,800
Dues	-	650	-	-	650
Miscellaneous	-	1,000	-	1,000	1,000
Treasurer's Fees	659	493	493	493	499
Repay developer advances	20,464	19,055	-	19,055	2,600
Transfer to debt service	-	-	-	-	15,550
Contingency	-	9,893	-	-	10,000
Emergency reserve (3%)	-	996	-	-	751
Total expenditures	33,632	63,137	18,406	43,598	53,950
Ending fund balance	\$ 26,556	\$ -	\$ 43,088	\$ 18,451	\$ -
Assessed valuation	869,410	861,240			1,767,850
Mill Levy	50.000	38.159			18.767

Reata Ridge Village Metropolitan District No. 2
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ 103,309	\$ 103,309	\$ -
Revenues:					
Developer advances	7,412,726	-	-	-	-
Interest income	-	-	540	540	-
Bond proceeds	4,510,000	-	-	-	-
Bond premium	225,184	-	-	-	-
Bond proceeds subordinate	<u>1,229,000</u>	-	-	-	-
Total revenues	<u>13,376,910</u>	-	<u>540</u>	<u>540</u>	-
Total funds available	<u>13,376,910</u>	-	<u>103,849</u>	<u>103,849</u>	-
Expenditures:					
Issuance costs	288,760	-	103,000	103,000	-
Capital expenditures	7,412,726	-	-	-	-
Repay developer advances	4,245,211	-	-	-	-
Repay developer advances - interest	658,569	-	849	849	-
Transfer to Debt Service	<u>668,335</u>	-	-	-	-
Total expenditures	<u>13,273,601</u>	-	<u>103,849</u>	<u>103,849</u>	-
Ending fund balance	<u>\$ 103,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Reata Ridge Village Metropolitan District No. 2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ 644,957	\$ 668,335	\$ 668,335	\$ 533,716
Revenues:					
Property taxes	-	10,198	10,198	10,198	55,215
Specific ownership taxes	-	714	643	714	3,865
Transfer from Capital Projects	668,335	-	-	-	-
Transfer from Debt Service Fund	-	-	-	-	15,550
Transfer from District #1	-	58,207	57,851	58,232	134,015
Interest income	-	-	3,725	3,725	-
Total revenues	<u>668,335</u>	<u>69,119</u>	<u>72,417</u>	<u>72,869</u>	<u>208,645</u>
Total funds available	<u>668,335</u>	<u>714,076</u>	<u>740,752</u>	<u>741,204</u>	<u>742,361</u>
Expenditures:					
Interest expense senior bonds	-	225,332	94,585	207,335	225,500
Treasurer's fees	-	153	153	153	828
Total expenditures	<u>-</u>	<u>225,485</u>	<u>94,738</u>	<u>207,488</u>	<u>226,328</u>
Ending fund balance	<u>\$ 668,335</u>	<u>\$ 488,591</u>	<u>\$ 646,014</u>	<u>\$ 533,716</u>	<u>\$ 516,033</u>
Assessed valuation	<u>\$ 869,410</u>	<u>\$ 861,240</u>			<u>\$ 1,767,850</u>
Mill Levy	<u>-</u>	<u>11.841</u>			<u>31.233</u>
Total Mill Levy	<u>50.000</u>	<u>50.000</u>			<u>50.000</u>

EXHIBIT C
Q4 Quarterly Report
(District No. 2)

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

FORM OF QUARTERLY REPORT

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

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

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

Date of Report: December 31, 2020

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

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

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

Last Quarter: 12 as is Cumulatively: 88

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

Last Quarter: 5 Cumulatively: 62

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

Last Quarter: 0 Cumulatively: 3

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

Last Quarter: 0 Cumulatively: 2

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

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

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

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

The amount on deposit in each of the following funds is set forth below, as of December 31, 2020.

- (a) the amount on deposit in the Senior Project Fund is \$ 0.00 ;
- (b) the amount on deposit in the Senior Bond Fund is \$ 184,484.36 ;
- (c) the amount on deposit in the Senior Reserve Fund is \$ 348,241.42;
- (d) the amount on deposit in the Senior Surplus Fund is \$ 0.00 ;
- (e) the amount on deposit in the Subordinate Project Fund is \$ 0.00 ;
- and
- (f) the amount on deposit in the Subordinate Bond Fund is \$ 0.00 .

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

The District shall complete and update the following tables:

History of Assessed Valuations and Mill Levies for the District

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

Source: Douglas County Assessor's Office.

Property Tax Collections in the District

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

⁽¹⁾ Figures are through _____, 20__.

Source: Douglas County Treasurer's Office.

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

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

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

Source: Douglas County Assessor's Office.

Property Tax Collections in District No. 1

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

⁽¹⁾ Figures are through _____, 20__.

Source: Douglas County Treasurer's Office.

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

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

 X Annual budget of the District for fiscal year 2021 . Such annual budget X has has not been adopted by the Board of Directors of the District. (Must be provided with the Quarterly Report due February 15.)

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

 X Annual budget of District No. 1 for fiscal year 2021 . Such annual budget X has _____ has not been adopted by the Board of Directors of District No. 1. (Must be provided with the Quarterly Report due February 15.)

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

The Bonds are presently outstanding in Authorized Denominations of:

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

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

[Signature/Certification on Following Page]

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

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

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

By: 
President

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

By: 
President

REATA RIDGE REALTY PARTNERS LLC, a
Colorado limited liability company

By: 
Name: Mark E. DeRose
Title: Manager

[Signature/Certification Page to Quarterly Report]

Reata Ridge Village Metropolitan District No. 1
Adopted Budget
General Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 5,066	\$ 26,106	\$ 26,002	\$ 26,002	\$ 40,317
Revenues:					
Property taxes	70,511	32,864	32,864	32,864	33,169
Specific ownership taxes	7,072	2,629	2,074	2,629	2,321
Interest income	-	-	15	15	9
Total revenues	<u>77,583</u>	<u>35,493</u>	<u>34,953</u>	<u>35,508</u>	<u>35,499</u>
Total funds available	<u>82,649</u>	<u>61,599</u>	<u>60,955</u>	<u>61,510</u>	<u>75,816</u>
Expenditures:					
Accounting / audit	5,799	13,000	10,543	12,400	12,600
Legal	3,786	15,000	4,220	5,650	7,500
Insurance	2,946	3,070	2,650	2,650	2,800
Dues	-	175	-	-	175
Miscellaneous	-	1,000	-	-	1,000
Treasurer's Fees	1,058	493	493	493	499
Repay developer advances	43,058	-	-	-	-
Transfer to District No. 2 Debt Service	-	-	-	-	15,505
Contingency	-	27,879	-	-	35,000
Emergency reserve (3%)	-	982	-	-	737
Total expenditures	<u>56,647</u>	<u>61,599</u>	<u>17,906</u>	<u>21,193</u>	<u>75,816</u>
Ending fund balance	<u>\$ 26,002</u>	<u>\$ -</u>	<u>\$ 43,049</u>	<u>\$ 40,317</u>	<u>\$ 0</u>
Assessed valuation	<u>1,489,230</u>	<u>1,846,500</u>			<u>3,051,100</u>
Mill Levy	<u>47.347</u>	<u>17.798</u>			<u>10.871</u>

Reata Ridge Village Metropolitan District No. 1
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/20</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Developer advances	-	-	-	-	-
Interest income	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Bond proceeds subordinate	-	-	-	-	-
Total revenues	-	-	-	-	-
Total funds available	-	-	-	-	-
Expenditures:					
Issuance costs	-	-	-	-	-
Organization costs	-	-	-	-	-
Accounting	-	-	-	-	-
Legal	-	-	-	-	-
Capital expenditures	-	-	-	-	-
Repay developer advances	-	-	-	-	-
Repay developer advances - interest	-	-	-	-	-
Transfer to Debt Service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

Reata Ridge Village Metropolitan District No. 1
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	-	55,173	55,174	55,174	112,302
Specific ownership taxes	-	3,862	3,481	3,862	7,861
Interest income	-	-	24	24	32
Total revenues	-	59,035	58,679	59,060	120,195
Total funds available	-	59,035	58,679	59,060	120,195
Expenditures:					
Transfer to District #2	-	58,207	57,851	58,232	118,510
Treasurer's fees	-	828	828	828	1,685
Total expenditures	-	59,035	58,679	59,060	120,195
Ending fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Assessed valuation	\$ 1,489,230	\$ 1,846,500			\$ 3,051,100
Mill Levy	-	29.880			36.807
Total Mill Levy	47.347	47.678			47.678

Reata Ridge Village Metropolitan District No. 2
Adopted Budget
General Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 11,922	\$ 27,644	\$ 26,556	\$ 26,556	\$ 18,451
Revenues:					
Property taxes	43,471	32,864	32,864	32,864	33,177
Specific ownership taxes	4,360	2,629	2,074	2,629	2,322
Developer advances	-	-	-	-	-
Interest income	435	-	-	-	-
Total revenues	<u>48,266</u>	<u>35,493</u>	<u>34,938</u>	<u>35,493</u>	<u>35,499</u>
Total funds available	<u>60,188</u>	<u>63,137</u>	<u>61,494</u>	<u>62,049</u>	<u>53,950</u>
Expenditures:					
Accounting / audit	5,799	13,000	11,043	14,750	12,600
Legal	3,786	15,000	4,220	5,650	7,500
Insurance	2,924	3,050	2,650	2,650	2,800
Dues	-	650	-	-	650
Miscellaneous	-	1,000	-	1,000	1,000
Treasurer's Fees	659	493	493	493	499
Repay developer advances	20,464	19,055	-	19,055	2,600
Transfer to debt service	-	-	-	-	15,550
Contingency	-	9,893	-	-	10,000
Emergency reserve (3%)	-	996	-	-	751
Total expenditures	<u>33,632</u>	<u>63,137</u>	<u>18,406</u>	<u>43,598</u>	<u>53,950</u>
Ending fund balance	\$ <u>26,556</u>	\$ <u>-</u>	\$ <u>43,088</u>	\$ <u>18,451</u>	\$ <u>-</u>
Assessed valuation	<u>869,410</u>	<u>861,240</u>			<u>1,767,850</u>
Mill Levy	<u>50.000</u>	<u>38.159</u>			<u>18.767</u>

Reata Ridge Village Metropolitan District No. 2
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ 103,309	\$ 103,309	\$ -
Revenues:					
Developer advances	7,412,726	-	-	-	-
Interest income	-	-	540	540	-
Bond proceeds	4,510,000	-	-	-	-
Bond premium	225,184	-	-	-	-
Bond proceeds subordinate	1,229,000	-	-	-	-
Total revenues	<u>13,376,910</u>	<u>-</u>	<u>540</u>	<u>540</u>	<u>-</u>
Total funds available	<u>13,376,910</u>	<u>-</u>	<u>103,849</u>	<u>103,849</u>	<u>-</u>
Expenditures:					
Issuance costs	288,760	-	103,000	103,000	-
Capital expenditures	7,412,726	-	-	-	-
Repay developer advances	4,245,211	-	-	-	-
Repay developer advances - interest	658,569	-	849	849	-
Transfer to Debt Service	668,335	-	-	-	-
Total expenditures	<u>13,273,601</u>	<u>-</u>	<u>103,849</u>	<u>103,849</u>	<u>-</u>
Ending fund balance	<u>\$ 103,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Reata Ridge Village Metropolitan District No. 2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2021

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>9/30/2020</u>	Estimated <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ 644,957	\$ 668,335	\$ 668,335	\$ 533,716
Revenues:					
Property taxes	-	10,198	10,198	10,198	55,215
Specific ownership taxes	-	714	643	714	3,865
Transfer from Capital Projects	668,335	-	-	-	-
Transfer from Debt Service Fund	-	-	-	-	15,550
Transfer from District #1	-	58,207	57,851	58,232	134,015
Interest income	-	-	3,725	3,725	-
Total revenues	<u>668,335</u>	<u>69,119</u>	<u>72,417</u>	<u>72,869</u>	<u>208,645</u>
Total funds available	<u>668,335</u>	<u>714,076</u>	<u>740,752</u>	<u>741,204</u>	<u>742,361</u>
Expenditures:					
Interest expense senior bonds	-	225,332	94,585	207,335	225,500
Treasurer's fees	-	153	153	153	828
Total expenditures	<u>-</u>	<u>225,485</u>	<u>94,738</u>	<u>207,488</u>	<u>226,328</u>
Ending fund balance	<u>\$ 668,335</u>	<u>\$ 488,591</u>	<u>\$ 646,014</u>	<u>\$ 533,716</u>	<u>\$ 516,033</u>
Assessed valuation	<u>\$ 869,410</u>	<u>\$ 861,240</u>			<u>\$ 1,767,850</u>
Mill Levy	<u>-</u>	<u>11.841</u>			<u>31.233</u>
Total Mill Levy	<u>50.000</u>	<u>50.000</u>			<u>50.000</u>

EXHIBIT D
Certificate of External Financial Advisor



North Slope Capital Advisors

1630 Welton Street, Suite 802

Denver, CO 80202

303-953-4101

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

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

CERTIFICATE OF THE EXTERNAL FINANCIAL ADVISOR

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

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

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

A handwritten signature in black ink, appearing to read "Steph Chichester".

By: Stephanie Chichester

Its: President

A handwritten signature in black ink, appearing to read "Nick Taylor".

By: Nick Taylor

Its: Managing Director/CCO

EXHIBIT E

Notices pursuant to Section 32-1-809, C.R.S.

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

REQUESTED INFORMATION

RESPONSE

Address and telephone number of the principal business office	c/o WHITE BEAR ANKELE TANAKA & WALDRON Attorneys at Law 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 303-858-1800	
Name and business telephone number of the manager or other principal contact person for the District/board member contact information	Clint C. Waldron, Esq. WHITE BEAR ANKELE TANAKA & WALDRON 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 Phone: 303-858-1800 Email: cwaldron@wbapc.com	
Board members and re-election status of those members whose office will be on the ballot at the next regular election on May 3, 2022 *on ballot at the next regular election	Mark DeRose, President	(term expires 2023)
	John Jagger, V. President	(term expires 2023)
	Molly Dixon, Sec./Treasurer	(term expires 2023)
	VACANT	(term expires 2022)*
	VACANT	(term expires 2022)*
Regular meeting schedule and the place where notice of board meetings is posted pursuant to §24-6-402(2)(c), C.R.S.	Regular meetings are scheduled for November 10, 2021 at 10:00 a.m. at 8231 E. Prentice Ave., Greenwood Village, Colorado. Notices of board meetings are posted at the north side of Stroh Road across from Preservation Trail Road, Colorado.	
Current mill levy (2020), for collection in 2021	10.871 mills - (general fund) 36.807 mills - (debt service fund) 0.000 mills - (capital projects fund)	
Total ad valorem tax revenue received during the last year (2020)	\$88,038 (unaudited)	
Date of the next regular special district election of board members	May 3, 2022	
Procedure and timing to submit a self-nomination form for election to the Board(s) pursuant to §1-13.5-303, C.R.S. :	Pursuant to §1-13.5-303, C.R.S. any person interested in being a candidate for the Board must submit a self-nomination and acceptance form signed by the candidate and by a registered elector of the state as a witness to the candidate. On the date of signing the self-nomination form, the person desiring to serve on the Board must be an eligible elector of the District. The form or letter must be filed no earlier than January 1 and no later than the sixty-seventh (67 th) day before the date of the next regular special district election. The form is filed with the Designated Election Official, or if none has been designated, the presiding officer or the secretary of the District at the address above. This form may be obtained by contacting the District's general counsel at (303) 858-1800. In place of the form, the candidate may submit a letter signed by the candidate and a registered elector of the state as witness to the signature of the candidate. Both the form and letter must state the following information: (1) name of the special district; (2) director office sought; (3) term of office sought; (4) date of the election; (5) full name of the candidate as it is to appear on the ballot; and (6) whether the candidate is a member of an executive board of a unit owners' association, as defined in §38-33.3-103, C.R.S., located within the boundaries of the District. A self-nomination form meeting the statutory requirements must be filed prior to 5:00 p.m. on the sixty-seventh (67 th) day before the election.	
Address of any website on which the special district's election results will be posted	https://cdola.colorado.gov/local-government	
Information on the procedure to apply for permanent absentee voter status as described in §1-13.5-1003, C.R.S.	A permanent absentee voter status request form may be obtained by contacting the District's general counsel at (303) 858-1800.	

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

REQUESTED INFORMATION

RESPONSE

Address and telephone number of the principal business office	c/o WHITE BEAR ANKELE TANAKA & WALDRON Attorneys at Law 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 303-858-1800	
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	VACANT	(term expires 2022)*
	VACANT	(term expires 2022)*
Regular meeting schedule and the place where notice of board meetings is posted pursuant to §24-6-402(2)(c), C.R.S.	Regular meetings are scheduled for November 10, 2021 at 10:00 a.m. at 8231 E. Prentice Ave., Greenwood Village, Colorado. Notices of board meetings are posted at the northeast corner of the intersection of South Parker Road and Stroh Road, Colorado.	
Current mill levy (2020), for collection in 2021	18.767 mills - (general fund) 31.233 mills - (debt service fund) 0.000 mills - (capital projects fund)	
Total ad valorem tax revenue received during the last year (2020)	\$43,062 (unaudited)	
Date of the next regular special district election of board members	May 3, 2022	
Procedure and timing to submit a self-nomination form for election to the Board(s) pursuant to §1-13.5-303, C.R.S. :	Pursuant to §1-13.5-303, C.R.S. any person interested in being a candidate for the Board must submit a self-nomination and acceptance form signed by the candidate and by a registered elector of the state as a witness to the candidate. On the date of signing the self-nomination form, the person desiring to serve on the Board must be an eligible elector of the District. The form or letter must be filed no earlier than January 1 and no later than the sixty-seventh (67 th) day before the date of the next regular special district election. The form is filed with the Designated Election Official, or if none has been designated, the presiding officer or the secretary of the District at the address above. This form may be obtained by contacting the District's general counsel at (303) 858-1800. In place of the form, the candidate may submit a letter signed by the candidate and a registered elector of the state as witness to the signature of the candidate. Both the form and letter must state the following information: (1) name of the special district; (2) director office sought; (3) term of office sought; (4) date of the election; (5) full name of the candidate as it is to appear on the ballot; and (6) whether the candidate is a member of an executive board of a unit owners' association, as defined in §38-33.3-103, C.R.S., located within the boundaries of the District. A self-nomination form meeting the statutory requirements must be filed prior to 5:00 p.m. on the sixty-seventh (67 th) day before the election.	
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