

ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT

Adams County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

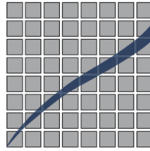
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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Rocky Mountain Rail Park Metropolitan District

Adams County, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

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

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

BiggsKofford, P.C.

Colorado Springs, Colorado
September 28, 2024

BASIC FINANCIAL STATEMENTS

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 10,378	\$ 17,118	\$ 27,496
Cash and Investments - Restricted	14,787,720	-	14,787,720
Receivable from County Treasurer	1,080	-	1,080
Accounts Receivable	-	24,448	24,448
Property Taxes Receivable	359,530	-	359,530
Capital Assets, Not Being Depreciated	38,629,675	5,963,805	44,593,480
Capital Assets, Being Depreciated, Net	-	888,857	888,857
Total Assets	<u>53,788,383</u>	<u>6,894,228</u>	<u>60,682,611</u>
LIABILITIES			
Accounts Payable	41,631	57,259	98,890
Retainage Payable	1,452,630	-	1,452,630
Other Current Liabilities	-	6,048	6,048
Accrued Interest Payable	235,208	-	235,208
Noncurrent Liabilities:			
Due in More Than One Year	<u>67,093,856</u>	<u>111,229</u>	<u>67,205,085</u>
Total Liabilities	<u>68,823,325</u>	<u>174,536</u>	<u>68,997,861</u>
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	<u>359,530</u>	<u>-</u>	<u>359,530</u>
Total Deferred Inflows of Resources	<u>359,530</u>	<u>-</u>	<u>359,530</u>
NET POSITION			
Net Investment in Capital Assets	-	6,852,662	6,852,662
Restricted For:			
Emergency Reserves	1,100	-	1,100
Unrestricted	<u>(15,395,572)</u>	<u>(132,970)</u>	<u>(15,528,542)</u>
Total Net Position	<u>\$ (15,394,472)</u>	<u>\$ 6,719,692</u>	<u>\$ (8,674,780)</u>

See accompanying Notes to Basic Financial Statements.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 211,668	\$ -	\$ -	\$ 5,000	\$ (206,668)	\$ -	\$ (206,668)
Interest and Related Costs on Long-Term Debt	3,486,201	-	-	-	(3,486,201)	(3,912)	(3,490,113)
Total Governmental Activities	3,697,869	-	-	5,000	(3,692,869)	(3,912)	(3,696,781)
Business-Type Activities:							
Enterprise	280,296	95,569	-	-	-	(184,727)	(184,727)
Total	\$ 3,978,165	\$ 95,569	\$ -	\$ 5,000	(3,692,869)	(188,639)	(3,881,508)
GENERAL REVENUES							
Property Taxes					193,207	-	193,207
Specific Ownership Taxes					12,579	-	12,579
Interest Income					1,303,685	-	1,303,685
Loss on Sale of Assets					-	(8,113)	(8,113)
TRANSFERS					(4,598)	4,598	-
Total General Revenues and Transfers					1,504,873	(3,515)	1,501,358
CHANGE IN NET POSITION					(2,187,996)	(192,154)	(2,380,150)
Net Position - Beginning of Year					(13,206,476)	6,911,846	(6,294,630)
NET POSITION - END OF YEAR					\$ (15,394,472)	\$ 6,719,692	\$ (8,674,780)

See accompanying Notes to Basic Financial Statements.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 10,378	\$ -	\$ -	\$ 10,378
Cash and Investments - Restricted	1,100	6,302,914	8,483,706	14,787,720
Receivable from County Treasurer	180	900	-	1,080
Property Taxes Receivable	59,919	299,611	-	359,530
Total Assets	\$ 71,577	\$ 6,603,425	\$ 8,483,706	\$ 15,158,708
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 20,416	\$ -	\$ 21,215	\$ 41,631
Retainage Payable	-	-	1,452,630	1,452,630
Total Liabilities	20,416	-	1,473,845	1,494,261
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	59,919	299,611	-	359,530
Total Deferred Inflows of Resources	59,919	299,611	-	359,530
FUND BALANCES (DEFICIT)				
Restricted For:				
Emergency Reserves	1,100	-	-	1,100
Debt Service	-	6,303,814	-	6,303,814
Capital Projects	-	-	7,009,861	7,009,861
Assigned To:				
Subsequent Year's Expenditures	2,306	-	-	2,306
Unassigned	(12,164)	-	-	(12,164)
Total Fund Balances (Deficit)	(8,758)	6,303,814	7,009,861	13,304,917
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 71,577	\$ 6,603,425	\$ 8,483,706	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets are reported as assets on the statement of net position but are recorded as expenditures in the funds.				
Capital Assets, Not Being Depreciated				38,629,675
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(63,650,000)
Unamortized Bond Premium				(1,379,497)
Bond Interest Payable				(1,966,846)
Developer Advances Payable				(298,335)
Accrued Interest on Developer Advances				(34,386)
Net Position of Governmental Activities				\$ (15,394,472)

See accompanying Notes to Basic Financial Statements.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 32,189	\$ 161,018	\$ -	\$ 193,207
Specific Ownership Taxes	2,096	10,483	-	12,579
Other Revenue	-	-	5,000	5,000
Interest Income	303	383,541	919,841	1,303,685
Total Revenues	<u>34,588</u>	<u>555,042</u>	<u>924,841</u>	<u>1,514,471</u>
EXPENDITURES				
General and Administrative:				
Accounting	45,552	-	6,827	52,379
Audit	5,190	-	-	5,190
County Treasurer's fee	483	2,415	-	2,898
District Management	22,348	-	-	22,348
Dues and Membership	417	-	-	417
Insurance	10,449	-	-	10,449
Legal	31,481	-	2,387	33,868
Engineering	-	-	68,418	68,418
Election	1,229	-	-	1,229
Snow Removal	1,260	-	-	1,260
Landscaping	2,775	-	-	2,775
Miscellaneous	1,370	-	-	1,370
Utilities	9,067	-	-	9,067
Debt Service:				
Bond Interest - 2021A	-	2,822,500	-	2,822,500
Capital:				
Capital Outlay - Water and Environmental Program	-	-	20,772,719	20,772,719
Total Expenditures	<u>131,621</u>	<u>2,824,915</u>	<u>20,850,351</u>	<u>23,806,887</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,033)	(2,269,873)	(19,925,510)	(22,292,416)
OTHER FINANCING SOURCES (USES)				
Developer Advances	116,155	-	-	116,155
Transfers (to) from Other Funds	(973)	-	(3,625)	(4,598)
Total Other Financing Sources (Uses)	<u>115,182</u>	<u>-</u>	<u>(3,625)</u>	<u>111,557</u>
NET CHANGE IN FUND BALANCES	18,149	(2,269,873)	(19,929,135)	(22,180,859)
Fund Balances (Deficit) - Beginning of Year	<u>(26,907)</u>	<u>8,573,687</u>	<u>26,938,996</u>	<u>35,485,776</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (8,758)</u>	<u>\$ 6,303,814</u>	<u>\$ 7,009,861</u>	<u>\$ 13,304,917</u>

See accompanying Notes to Basic Financial Statements.

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

Net Changes in Fund Balances - Total Governmental Funds \$ (22,180,859)

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

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

Public Improvements 20,772,719

Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advances (116,155)

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

Amortization of Bond Premium 68,608
 Accrued Interest on Developer Advances - Change in Liability (23,341)
 Accrued Interest on Bonds - Change in Liability (708,968)

Change in Net Position of Governmental Activities \$ (2,187,996)

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

	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES			
Property Taxes	\$ 32,222	\$ 32,189	\$ (33)
Specific Ownership Taxes	2,256	2,096	(160)
Interest Income	15	303	288
Total Revenues	<u>34,493</u>	<u>34,588</u>	<u>95</u>
EXPENDITURES			
General and Administrative:			
Accounting	40,250	45,552	(5,302)
Audit	-	5,190	(5,190)
County Treasurer's fee	483	483	-
District Management	10,000	22,348	(12,348)
Dues and Membership	600	417	183
Insurance	5,000	10,449	(5,449)
Landscaping	-	2,775	(2,775)
Legal	49,500	31,481	18,019
Miscellaneous	1,000	1,370	(370)
Election	3,000	1,229	1,771
Snow Removal	-	1,260	(1,260)
Utilities	-	9,067	(9,067)
Contingency	2,167	-	2,167
Total Expenditures	<u>112,000</u>	<u>131,621</u>	<u>(19,621)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(77,507)	(97,033)	(19,526)
OTHER FINANCING SOURCES (USES)			
Developer Advances	78,308	116,155	37,847
Transfers (to) from Other Funds	-	(973)	(973)
Total Other Financing Sources (Uses)	<u>78,308</u>	<u>115,182</u>	<u>36,874</u>
NET CHANGE IN FUND BALANCE	801	18,149	17,348
Fund Balance - Beginning of Year	<u>300</u>	<u>(26,907)</u>	<u>(27,207)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,101</u>	<u>\$ (8,758)</u>	<u>\$ (9,859)</u>

See accompanying Notes to Basic Financial Statements.

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

OPERATING REVENUES	
Tap Fees	\$ 41,488
User Charges	54,081
Total Operating Revenues	<u>95,569</u>
OPERATING EXPENSES	
Facility Operations:	
Production and Treatment	217,309
Billing Services	8,346
Utilities	17,716
Administration and General Expenses:	
Legal	74
Depreciation	36,851
Total Operating Expenses	<u>280,296</u>
OPERATING LOSS	(184,727)
NONOPERATING EXPENSES	
Interest Expense	3,912
Loss on Disposal of Asset	8,113
Total Nonoperating Expenses	<u>12,025</u>
LOSS BEFORE TRANSFERS	(196,752)
TRANSFERS	
Transfers In	4,598
Net Transfers	<u>4,598</u>
CHANGE IN NET POSITION	(192,154)
Net Position - Beginning of Year	<u>6,911,846</u>
NET POSITION - END OF YEAR	<u>\$ 6,719,692</u>

See accompanying Notes to Basic Financial Statements.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 48,884
Payments to Suppliers	(195,434)
Tap Fees	41,488
Net Cash Used by Operating Activities	(105,062)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfer from Other Fund	4,598
Developer Advance	106,613
Net Cash Provided by Noncapital Financing Activities	111,211

NET INCREASE IN CASH AND CASH EQUIVALENTS

6,149

Cash and Cash Equivalents - Beginning of Year

10,969

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 17,118

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (184,727)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	36,851
Increase in Accounts Receivable	(5,197)
Increase in Accounts Payable	48,011
Net Cash Used by Operating Activities	\$ (105,062)

See accompanying Notes to Basic Financial Statements.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

Rocky Mountain Rail Park Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Adams County (the County) on July 9, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the boundaries of the City of Arvada (the City).

The District was established to provide a part or all of the public improvements for the use and benefit of all anticipated constituents and taxpayers of the District. The primary purpose of the District is to finance the construction of public improvements, including water facilities, storm sewer and sanitation facilities, street and roadway improvements, traffic and safety control, parks and recreation, transportation, limited television relay and translator, and mosquito elimination and control.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct 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 as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

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

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major proprietary funds:

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

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

Budgets

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

The District incurred expenditures in excess of appropriation for the year ended December 31, 2023 in the General Fund, which may be in violation of the Local Government Budget Law.

Pooled Cash and Investments

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

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District'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 taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

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

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

Water and Sewer Facilities	30 Years
Equipment	15 Years

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

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 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. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity(continued)

Fund Balance

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

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

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

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

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

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

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

The District's General Fund had a deficit fund balance as of December 31, 2023. This deficit was eliminated with an advance received from the Developer in 2024.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, **Error! Unknown switch argument.**2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 27,496
Cash and Investments - Restricted	<u>14,787,720</u>
Total Cash and Investments	<u><u>\$ 14,815,216</u></u>

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

Deposits with Financial Institutions	\$ 22,951
Investments	<u>14,792,265</u>
Total	<u><u>\$ 14,815,216</u></u>

Deposits with Financial Institutions

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

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

As of December 31, 2023, the District had a bank balance and a carrying balance of \$22,951

Investments

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

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 14,792,265</u>

COLOTRUST

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

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

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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

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

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2022	Additions	Deletions	Balance - December 31, 2023
Governmental Activities:				
Capital Assets, Not Being				
Depreciated:				
Construction in Progress	\$ 17,856,956	\$ 20,772,719	\$ -	\$ 38,629,675
Total Capital Assets, Not				
Being Depreciated	\$ 17,856,956	\$ 20,772,719	\$ -	\$ 38,629,675

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance - December 31, 2022	Additions	Deletions	Balance - December 31, 2023
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Intangible Assets	\$ 5,963,805	\$ -	\$ -	\$ 5,963,805
Total Capital Assets, Not Being Depreciated	5,963,805	-	-	5,963,805
Capital Assets, Being Depreciated:				
Water System	952,861	-	25,000	927,861
Total Capital Assets, Being Depreciated	952,861	-	25,000	927,861
Less Accumulated Depreciation For:				
Water System	(3,140)	(36,851)	(987)	(39,004)
Total Accumulated Depreciation	(3,140)	(36,851)	(987)	(39,004)
Business-Type Activities: Capital Assets, Net	\$ 6,913,526	\$ (36,851)	\$ 24,013	\$ 6,852,662

Upon completion and acceptance, certain fixed assets will be conveyed to other local governments.

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

Business-Type Activities:	
Enterprise	\$ 36,851

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2022	Additions	Retirements/ Reductions	Balance - December 31, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021A	\$ 56,450,000	\$ -	\$ -	\$ 56,450,000	\$ -
Bond Premium - Series 2021A	1,448,105	-	68,608	1,379,497	-
Subordinate Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021B	7,200,000	-	-	7,200,000	-
Accrued Interest on:					
Series 2021B Bonds	1,022,670	708,968	-	1,731,638	-
Subtotal of Bonds Payable	66,120,775	708,968	68,608	66,761,135	-
Loans/Notes from Direct Borrowings:					
Developer Advances - Operations	182,180	116,155	-	298,335	-
Accrued Interest on Developer Advances - Operations					
Advances - Operations	11,045	23,341	-	34,386	-
Subtotal Loans/Notes from Direct Borrowings	193,225	139,496	-	332,721	-
Total Long-Term Obligations	<u>\$ 66,314,000</u>	<u>\$ 848,464</u>	<u>\$ 68,608</u>	<u>\$ 67,093,856</u>	<u>\$ -</u>
Business-Type Activities:					
Loans/Notes from Direct Borrowings:					
Developer Advances - Operations	\$ 701	\$ 106,613	\$ -	\$ 107,314	\$ -
Accrued Interest on Developer Advances - Operations					
Advances - Operations	3	3,912	-	3,915	-
Total Long-Term Obligations	<u>\$ 704</u>	<u>\$ 110,525</u>	<u>\$ -</u>	<u>\$ 111,229</u>	<u>\$ -</u>

\$56,450,000 Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021A

On April 15, 2021, the District issued \$56,450,000 in Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021A (the Senior Bonds) with an interest rate of 5.00%, payable semi-annually on June 1 and December 1, and principal payable on December 1, beginning on December 1, 2026. Proceeds from the sale of the Senior Bonds will be used to: (i) finance or reimburse the costs of public improvements related to the Development; (ii) fund capitalized interest on the Senior Bonds; (iii) fund the initial deposit to the Senior Reserve Fund; and (iv) pay costs incurred in connection with the issuance of the Bonds.

The Senior Bonds mature on December 1, 2051, and are subject to redemption prior to maturity, at the option of the District, on March 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2026 to February 28, 2027	3.00%
March 1, 2027 to February 29, 2028	2.00
March 1, 2028 to February 28, 2029	1.00
March 1, 2029 and Thereafter	0.00

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$56,450,000 Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021A (Continued)

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid and will continue to bear interest at the rate then borne by the Senior Bonds. To the extent interest on any Senior Bond is not paid when due, such unpaid interest shall compound semiannually on each June 1 and December 1 at the interest rate then borne by the Senior Bonds. The total repayment obligation of the District for the Senior Bonds cannot exceed the limitations of the Election and the amount permitted by law.

The Senior Bonds Pledged Revenue

The Senior Bonds are payable solely from and to the extent of the Senior Pledged Revenue, defined in the Senior Indenture as the moneys derived by the District from the following sources net of any costs of collection of the County and any property tax refunds or abatements authorized by or on behalf of the County:

- (a) the Senior Required Mill Levy;
- (b) the portion of Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy;
- (c) the Senior Enterprise Revenues; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

The Senior Bonds Required Mill Levy

The Senior Indenture generally defines "Senior Required Mill Levy" as an ad valorem mill levy imposed upon all taxable property of the District each year in an amount that is sufficient to pay debt service on the Senior Bonds, but not in excess of 50 mills or such lesser mill levy which will pay debt service on the Senior Bonds when due and will fund the Senior Reserve Fund to the Maximum Reserve Amount. The minimum and maximum mill levies are subject to adjustment to reflect changes in the method of calculating assessed valuation on or after January 1, 2018.

If there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement after January 1, 2018, the Senior Required Mill Levy and the Subordinate Required Mill Levy shall be increased or decreased to reflect such changes. Such increases and decreases are to be determined by the District Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$56,450,000 Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021A (Continued)

Additional Security for Senior Bonds

The Senior Bonds are additionally secured by (i) capitalized interest in the amount of \$7,416,903, which will be funded from proceeds of the Senior Bonds; and (ii) the Senior Reserve Fund, which will be partially funded with proceeds of the Senior Bonds in the amount of \$4,923,000, and is required to be additionally funded and replenished with future excess Senior Pledged Revenue, if any, up to the Maximum Reserve Amount of \$11,290,000.

The Senior Reserve Fund shall be maintained in the amount of up to the Maximum Reserve Amount for so long as any Senior Bond is Outstanding. It is acknowledged by the District that the law places certain restrictions upon the use of Senior Bond proceeds and debt service mill levies which may be credited to the Senior Reserve Fund.

\$7,200,000 Subordinate Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021B

On April 15, 2021, the District issued \$7,200,000 in Subordinate Limited Tax General Obligation Enterprise Revenue Bonds, Series 2021B (the Subordinate Bonds) with an interest rate of 8.25% per annum, and are structured as “cash flow” bonds, meaning that no regularly scheduled payments of principal are due on the Subordinate Bonds prior to their maturity date. Instead, principal is payable on each December 15 from the available Subordinate Pledged Revenue, if any. The Subordinate Bonds are subject to both mandatory and optional redemption prior to maturity. Proceeds from the sale of the Subordinate Bonds will be used to: (i) finance or reimburse the costs of public improvements related to the Development; and (ii) pay costs incurred in connection with the issuance of the Subordinate Bonds.

Interest on the Subordinate Bonds is payable on each December 15, commencing December 15, 2021, to the extent of the Subordinate Pledged Revenue. Accrued unpaid interest on the Subordinate Bonds will compound annually on each December 15 until sufficient Subordinate Pledged Revenue is available for payment, subject to the limitations of the Election and the amount permitted by law.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$7,200,000 Subordinate Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021B (Continued)

Payment of principal of and interest on the Subordinate Bonds is subordinate to the annual payment of debt service on the Senior Bonds and to the funding of the Senior Reserve Fund in the Maximum Reserve Amount.

The District has the option to redeem the Subordinate Bonds, in whole or in part, on any date on or after March 1, 2026. The redemption price will be 100% of the principal amount of the Subordinate Bonds to be redeemed, plus accrued interest to the redemption date, and a redemption premium as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2026 to February 28, 2027	3.00%
March 1, 2027 to February 29, 2028	2.00
March 1, 2028 to February 28, 2029	1.00
March 1, 2029 and Thereafter	0.00

The Subordinate Bonds Termination Date

The Subordinate Bonds Indenture provides that all of the Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 15, 2061 (the Termination Date), regardless of the amount of principal and interest paid prior to the Termination Date.

Subordinate Pledged Revenue

The Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue, defined in the Subordinate Indenture as the moneys derived by the District from the following sources net of any costs of collection of the County and any property tax refunds or abatements authorized by or on behalf of the County:

- i. the Subordinate Required Mill Levy;
- ii. the portion of Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy;
- iii. the portion of the Enterprise Revenues, if any, available after application to the payment of the Senior Bonds and any Senior Parity Bonds;
- iv. the amounts, if any, in the Senior Reserve Fund released to the District pursuant to the Senior Indenture; and
- v. any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$7,200,000 Subordinate Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021B (Continued)

Subordinate Required Mill levy

Subordinate Required Mill Levy” is generally defined in the Subordinate Indenture as an ad valorem mill levy equal to 50 mills less the amount of the Senior Bond Required Mill Levy. The foregoing mill levy is subject to adjustment to reflect changes in the method of calculating assessed valuation on or after January 1, 2018 (described above).

If the amount of the Senior Bond Required Mill Levy equals or exceeds 50 mills in any year, as adjusted, the Subordinate Required Mill Levy for that year shall be zero. The Subordinate Required Mill Levy is projected to be zero until such time as the Senior Reserve Fund is funded to the Maximum Reserve Amount.

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture:

- i. The District fails to impose the required mill levy or to apply the pledge revenue as required by the indenture.
- ii. The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the indenture or the bond resolution.
- iii. The District fails to enforce the rates, fees, and charges of the Enterprise, disposes of material assets of the Enterprise or fails to cooperate in the collection of the Enterprise Revenue if such failure could result in impairing or diminishing the collection or amount of the Enterprise Revenue.
- iv. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

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

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$7,200,000 Subordinate Limited Tax General Obligation and Enterprise Revenue Bonds, Series 2021B (Continued)

Events of Default (Continued)

Upon the occurrence and continuance of an event of default, the trustee has the following rights and remedies which may be pursued:

- i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners, the trustee is entitled to as a matter of right to the appointment of a receiver or receivers of the trust estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the trustee is to be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indenture to the trustee.
- ii. Suit for judgment: The trustee may proceed to protect and enforce its rights and the rights of the owners by suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.
- iii. Mandamus or other suit: The trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the owners.

Notwithstanding the foregoing, acceleration is not to be an available remedy for an event of default.

The District's long-term obligations relating to the Series 2021A Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 2,822,500	\$ 2,822,500
2025	-	2,822,500	2,822,500
2026	605,000	2,822,500	3,427,500
2027	655,000	2,792,250	3,447,250
2028	755,000	2,759,500	3,514,500
2029-2033	4,915,000	13,160,750	18,075,750
2034-2038	7,455,000	11,691,750	19,146,750
2039-2043	10,680,000	9,522,000	20,202,000
2044-2048	14,965,000	6,446,250	21,411,250
2049-2051	16,420,000	1,911,750	18,331,750
Total	<u>\$ 56,450,000</u>	<u>\$ 56,751,750</u>	<u>\$ 113,201,750</u>

The annual debt service requirements of the Subordinate Bonds are not currently determined since they are payable only from available Subordinate Pledged Revenue.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

Funding and Reimbursement Agreement

On December 1, 2019, the District and Rail Land Company, LLC (the Developer) entered into a Funding and Reimbursement Agreement (the Funding Agreement). Pursuant to the Funding Agreement for Operation and Maintenance Costs, the Developer has agreed to advance funds for financing the costs associated with the formation of the District, costs and advances related to provision of public infrastructure in the nature of capital costs, District operations and maintenance, and operations related to business-type activities.

Advances made by the Developer shall accrue interest at the prime rate plus 2% per annum, initially calculated as of the date of the Funding Agreement and adjusted annually each January 1st thereafter. Interest shall accrue on costs and advances from the first day of the month following the month in which the District accepts the costs and advances. The District shall make payments for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, or debt service costs. As of December 31, 2023, the outstanding principal is \$298,335 and interest is \$34,386 related to operations and maintenance. As of December 31, 2023, the outstanding principal is \$107,314 and interest is \$3,915 is related to the operations and maintenance of business-type activities.

Debt Authorization

On November 5, 2019, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,100,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2023, the District had the following remaining authorized but unissued indebtedness:

	Authorized November 5, 2019 Election	Authorization Used Series 2021	Remaining at December 31, 2023
Streets	\$ 100,000,000	\$ 16,302,446	\$ 83,697,554
Parks and Recreation	100,000,000	16,302,446	83,697,554
Water	100,000,000	16,302,446	83,697,554
Sanitation/Storm Sewer	100,000,000	16,302,446	83,697,554
Transportation	100,000,000	-	100,000,000
Mosquito Control	100,000,000	-	100,000,000
Safety Protection	100,000,000	-	100,000,000
Fire Protection	100,000,000	-	100,000,000
Television and Relay	100,000,000	-	100,000,000
Security	100,000,000	-	100,000,000
Refunding Debt	100,000,000	-	100,000,000
Total	<u>\$ 1,100,000,000</u>	<u>\$ 65,209,784</u>	<u>\$ 1,034,790,216</u>

The Service Plan limits the total remaining amount of debt to \$100,000,000 except to allow for refunding of debt. In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION

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

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

As of December 31, 2023, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	<u>\$ 6,852,662</u>
Net Investment in Capital Assets	<u><u>\$ 6,852,662</u></u>

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

The District had restricted net position as of December 31, 2023, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves	<u>\$ 1,100</u>
Total Restricted Net Position	<u><u>\$ 1,100</u></u>

The District has a deficit in unrestricted net position. The deficit at December 31, 2023 was primarily due to interest paid and related costs on long-term debts.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Rail Land Company, LLC. All members of the board of directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District. All certified capital outlay costs are paid to the Developer, as all contracts are in the Developer's name and thus reimbursed. Subsequent to December 31, 2023, the District continued to pay the Developer for capital outlay costs.

NOTE 8 TRANSFERS

The transfer from the Capital Projects Fund to the Enterprise Fund was related to capital assets placed in service. The transfer from the General Fund to the Enterprise Fund was related to payables.

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

On November 5, 2019, the District's voters approved for an annual increase in taxes of \$1,500,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

SUPPLEMENTARY INFORMATION

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

	Original and Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Property Taxes	\$ 161,184	\$ 161,018	\$ (166)
Specific Ownership Taxes	11,283	10,483	(800)
Interest Income	46,000	383,541	337,541
Total Revenues	<u>218,467</u>	<u>555,042</u>	<u>336,575</u>
EXPENDITURES			
County Treasurer's Fee	2,418	2,415	3
Paying Agent Fees	7,000	-	7,000
Bond Interest - 2021A	2,822,500	2,822,500	-
Contingency	7,082	-	7,082
Total Expenditures	<u>2,839,000</u>	<u>2,824,915</u>	<u>14,085</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,620,533)	(2,269,873)	350,660
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	630,000	-	(630,000)
Total Other Financing Sources (Uses)	<u>630,000</u>	<u>-</u>	<u>(630,000)</u>
NET CHANGE IN FUND BALANCE	(1,990,533)	(2,269,873)	(279,340)
Fund Balance - Beginning of Year	<u>8,450,365</u>	<u>8,573,687</u>	<u>123,322</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,459,832</u>	<u>\$ 6,303,814</u>	<u>\$ (156,018)</u>

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

	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES			
Net Investment Income	\$ 39,500	\$ 919,841	\$ 880,341
Total Revenues	<u>39,500</u>	<u>919,841</u>	<u>880,341</u>
EXPENDITURES			
Accounting	10,000	6,827	3,173
Legal	45,000	2,387	42,613
Engineering	75,000	68,418	6,582
Capital Outlay - Community Facilities	5,988,490	-	5,988,490
Capital Outlay - Water and Environmental Program	18,912,545	20,772,719	(1,860,174)
Contingency	477,569	-	477,569
Total Expenditures	<u>25,508,604</u>	<u>20,850,351</u>	<u>4,658,253</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,469,104)	(19,930,510)	5,538,594
OTHER FINANCING SOURCES (USES)			
Other Revenue	-	5,000	5,000
Transfers (to) from Other Fund	-	(3,625)	(3,625)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,375</u>	<u>1,375</u>
NET CHANGE IN FUND BALANCE	(25,469,104)	(19,929,135)	5,539,969
Fund Balance - Beginning of Year	<u>29,469,104</u>	<u>26,938,996</u>	<u>(2,530,108)</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,000,000</u>	<u>\$ 7,009,861</u>	<u>\$ 3,009,861</u>

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE – BUDGET
AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES			
Tap Fees	\$ 610,000	\$ 41,488	\$ (568,512)
User Charges	60,000	54,081	(5,919)
Total Revenues	<u>670,000</u>	<u>95,569</u>	<u>(574,431)</u>
EXPENDITURES			
Operation Supplies	40,000	-	40,000
Production and Treatment	-	217,309	(217,309)
Billing Services	-	8,346	(8,346)
Utilities	-	17,716	(17,716)
Legal	-	74	(74)
Total Expenditures	<u>40,000</u>	<u>243,445</u>	<u>(203,445)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	630,000	(147,876)	(777,876)
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	106,613	106,613
Sale of Capital Assets	-	15,900	15,900
Transfers from Other Funds	-	4,598	4,598
Transfers to Other Funds	(630,000)	-	630,000
Repay Developer Advances	-	-	-
Total Other Financing Sources (Uses)	<u>(630,000)</u>	<u>127,111</u>	<u>757,111</u>
NET CHANGE IN FUNDS AVAILABLE	-	(20,765)	(20,765)
Funds Available - Beginning of Year	-	(976)	(976)
FUNDS AVAILABLE - END OF YEAR	<u>\$ -</u>	<u>\$ (21,741)</u>	<u>\$ (21,741)</u>

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
ENTERPRISE FUND
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

Revenues:	\$ 95,569	
Other Financing Sources	111,211	
Total Revenues and Other Financing Sources - Budgetary Basis	206,780	
Developer Advance	(106,613)	
Total Revenues per Statement of Revenues, Expenses, and Changes in Net Position		\$ 100,167
Expenditures:	243,445	
Other Financing Uses	-	
Total Expenditures and Other Financing Sources - Budgetary Basis	243,445	
Depreciation Expense	36,851	
Interest Expense	3,912	
Loss on Disposal of Capital Assets	8,113	
Total Expenses per Statement of Revenues, Expenses, and Changes in Net Position		292,321
Change in Net Position per Statement of Revenues, Expenses, and Changes in Net Position		\$ (192,154)

OTHER INFORMATION

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

<u>Bonds and Interest Maturing in the Year Ending December 31.</u>	\$56,450,000 Limited Tax General Obligation Bonds Series 2021A Dated April 15, 2021 Interest Rate 5.000%		
	<u>Interest Due June 1, Principal and Interest Due December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 2,822,500	\$ 2,822,500
2025	-	2,822,500	2,822,500
2026	605,000	2,822,500	3,427,500
2027	655,000	2,792,250	3,447,250
2028	755,000	2,759,500	3,514,500
2029	800,000	2,721,750	3,521,750
2030	915,000	2,681,750	3,596,750
2031	965,000	2,636,000	3,601,000
2032	1,085,000	2,587,750	3,672,750
2033	1,150,000	2,533,500	3,683,500
2034	1,280,000	2,476,000	3,756,000
2035	1,355,000	2,412,000	3,767,000
2036	1,500,000	2,344,250	3,844,250
2037	1,580,000	2,269,250	3,849,250
2038	1,740,000	2,190,250	3,930,250
2039	1,835,000	2,103,250	3,938,250
2040	2,005,000	2,011,500	4,016,500
2041	2,115,000	1,911,250	4,026,250
2042	2,300,000	1,805,500	4,105,500
2043	2,425,000	1,690,500	4,115,500
2044	2,630,000	1,569,250	4,199,250
2045	2,775,000	1,437,750	4,212,750
2046	3,000,000	1,299,000	4,299,000
2047	3,155,000	1,149,000	4,304,000
2048	3,405,000	991,250	4,396,250
2049	3,585,000	821,000	4,406,000
2050	3,855,000	641,750	4,496,750
2051	8,980,000	449,000	9,429,000
Total	<u>\$ 56,450,000</u>	<u>\$ 56,751,750</u>	<u>\$ 113,201,750</u>

**ROCKY MOUNTAIN RAIL PARK METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2020	\$ 27,860	10.000	50.000	\$ 1,672	\$ 1,672	100.00%
2021	680,770	10.000	50.000	40,846	40,847	100.00
2022	652,190	10.000	50.000	39,131	39,131	100.00
2023	3,222,200	10.000	50.023	193,406	193,207	99.90
Estimated for the Year Ending December 31, 2024	\$ 3,222,200	10.425	52.128	\$ 359,530		