

**HANCE RANCH METROPOLITAN DISTRICT
2021 ANNUAL REPORT
TO
CITY OF WHEAT RIDGE, COLORADO**

Pursuant to Section VI. of the Service Plan for Hance Ranch Metropolitan District, the District is required to provide an annual report to the City Clerk's Office with regard to the following matters:

1. A narrative summary of the progress of the District in implementing their service plan for the Report Year:

On August 26, 2019 the City approved the District's Service Plan. The District continues to implement the development schedule as contemplated in the Service Plan.

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

The District's 2021 Audit has been completed and is attached hereto as **Exhibit A**.

3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the Report Year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the Report Year:

During 2021, no capital expenditures were incurred by the Districts in development of public facilities. All capital improvements for the development are being construed by Hance Ranch Station, LLC.

Construction In Report Year: Approximately \$646,054.11

In the 5 years following the Report Year: Estimated to be \$102,630.48

Copies of the District's 2022 budget is attached as **Exhibit B**.

4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the Report Year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the Report Year, the amount of payment or retirement of existing indebtedness or long-term obligations issued in the Report Year, the total assessed valuation of all

taxable properties within the District as of January 1 of the Report Year, and the current mill levy of the District pledged to debt retirement in the Report Year:

A summary of the financial obligations of the Districts at the end of 2021 are as follows:

The summary and amount of outstanding indebtedness for the District is disclosed in the 2021 Audit which is attached hereto as **Exhibit A**.

A summary of the assessed valuation and debt service mill levy for 2021 is as follows:

As of January 1, 2021, the total assessed valuation of taxable properties within the District was \$799,033. A copy of the final assessed valuation and mil levy certification are attached here to **Exhibit C**.

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

The District 2022 Budget is attached hereto as **Exhibit B**.

6. A summary of residential and commercial development that has occurred within the District for the Report Year:

There is no commercial development within the District. No development occurred in 2021. However, the Developer is currently undertaking the construction of public facilities within the District.

7. A summary of all fees, charges and assessments imposed by the District as of January 1 of the Report Year:

A copy of the Second Amended and Restated Resolution Concerning Imposition of Operations Fee dated March 26, 2021 is attached hereto as **Exhibit D**.

8. The names, business addresses and telephone numbers of all members of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the board:

| | | | |
|-------------------|-------------------------|---------------------------------|--|
| Matt Cavanaugh | President | Remington Homes 303-420-2899 | 5740 Olde Wadsworth Blvd., Arvada, CO |
| Guillaume Pouchot | Secretary | Remington Homes 303-420-2899 | 5740 Olde Wadsworth Blvd., Arvada, CO |
| C. Regan Hauptman | Treasurer/ Ass. Sec. | Remington Homes 303-420-2899 | 5740 Olde Wadsworth Blvd., Arvada, CO |
| Jill Gundlach | Director | Resident | 2154 E. Commons Ave, Suite 2000, Centennial, CO |

Regular meetings are scheduled for Wednesday, July 20, 2022 and November 16, 2022 at 10:00 a.m. via teleconference.

General Legal Counsel – White, Bear Ankele Tanaka & Waldron, Attn: Kristin B. Tompkins, Esq., 2154 E. Commons Ave., # 2000, CO 80122; 303-858-1800

Chief Administrative. Officer – None.

EXHIBIT A

2021 Audit

HANCE RANCH METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

**HANCE RANCH METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

| | |
|---|-----------|
| INDEPENDENT AUDITOR’S REPORT | I |
| BASIC FINANCIAL STATEMENTS | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 1 |
| STATEMENT OF ACTIVITIES | 2 |
| FUND FINANCIAL STATEMENTS | |
| BALANCE SHEET – GOVERNMENTAL FUNDS | 3 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 4 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 5 |
| GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 6 |
| SPECIAL REVENUE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 7 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 8 |
| SUPPLEMENTARY INFORMATION | |
| DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 25 |
| CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 26 |
| OTHER INFORMATION | |
| SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY | 28 |
| SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED | 29 |

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hance Ranch Metropolitan District
City of Wheat Ridge, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hance Ranch Metropolitan District (the "District"), City of Wheat Ridge, Colorado, as of and for the year ended December 31, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hance Ranch Metropolitan District, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Special Revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hance Ranch Metropolitan 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 opinion.

Responsibilities of Management for the Financial Statements

Hance Ranch Metropolitan District's 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 Hance Ranch Metropolitan District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hance Ranch Metropolitan 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 Hance Ranch Metropolitan 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.

Required Supplementary Information

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basis 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 basis financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hance Ranch Metropolitan District's basic financial statements. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and was not a required part of the financial statements.

The supplemental schedules of Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

Such 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual are fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises The Schedule of Debt Service Requirements to Maturity and Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC
April 14, 2022
Centennial, Colorado

BASIC FINANCIAL STATEMENTS

**HANCE RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

| | Governmental Activities |
|---------------------------------------|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 21,825 |
| Cash and Investments - Restricted | 478,494 |
| Receivable - County Treasurer | 235 |
| Property Taxes Receivable | 63,982 |
| Capital Assets, Not Being Depreciated | 1,763,195 |
| Total Assets | <u>2,327,731</u> |
| LIABILITIES | |
| Accounts Payable | 21,077 |
| Accrued Interest Payable | 29,389 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 2,667,326 |
| Total Liabilities | <u>2,717,792</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenues | 63,982 |
| Unearned Revenues | 1,190 |
| Total Deferred Inflows of Resources | <u>65,172</u> |
| NET POSITION | |
| Restricted for: | |
| Emergency Reserves | 1,100 |
| Debt Service | 24,135 |
| Capital Projects | 75 |
| Unrestricted | <u>(480,543)</u> |
| Total Net Position | <u><u>\$ (455,233)</u></u> |

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

| | | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|---|-------------------|----------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| | Expenses | | | | |
| FUNCTIONS/PROGRAMS | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 73,914 | \$ 18,854 | \$ - | \$ - | \$ (55,060) |
| Interest and Related Costs on Long-Term Debt | 141,052 | - | - | - | (141,052) |
| Total Governmental Activities | <u>\$ 214,966</u> | <u>\$ 18,854</u> | <u>\$ -</u> | <u>\$ -</u> | (196,112) |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 47,159 |
| Specific Ownership Taxes | | | | | 3,772 |
| Interest Income | | | | | 168 |
| Total General Revenues | | | | | <u>51,099</u> |
| CHANGE IN NET POSITION | | | | | (145,013) |
| Net Position - Beginning of Year | | | | | <u>(310,220)</u> |
| NET POSITION - END OF YEAR | | | | | <u>\$ (455,233)</u> |

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental Fund |
|--|------------------|--------------------|-------------------|---------------------|-------------------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 7,921 | \$ 13,904 | \$ - | \$ - | \$ 21,825 |
| Cash and Investments - Restricted | 500 | 600 | 395,614 | 81,780 | 478,494 |
| Receivable - County Treasurer | 69 | - | 166 | - | 235 |
| Property Taxes Receivable | 18,818 | - | 45,164 | - | 63,982 |
| | <u>27,308</u> | <u>14,504</u> | <u>440,944</u> | <u>81,780</u> | <u>564,536</u> |
| Total Assets | | | | | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 13,988 | \$ 5,436 | \$ - | \$ 1,653 | \$ 21,077 |
| Total Liabilities | <u>13,988</u> | <u>5,436</u> | <u>-</u> | <u>1,653</u> | <u>21,077</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Property Taxes | 18,818 | - | 45,164 | - | 63,982 |
| Unearned Revenue | - | 1,190 | - | - | 1,190 |
| Total Deferred Inflows of Resources | <u>18,818</u> | <u>1,190</u> | <u>45,164</u> | <u>-</u> | <u>65,172</u> |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Emergency Reserves | 500 | 600 | - | - | 1,100 |
| Debt Service | - | - | 395,780 | - | 395,780 |
| Capital Projects | - | - | - | 80,127 | 80,127 |
| Committed for: | | | | | |
| Operations | - | 7,278 | - | - | 7,278 |
| Unassigned | (5,998) | - | - | - | (5,998) |
| Total Fund Balances | <u>(5,498)</u> | <u>7,878</u> | <u>395,780</u> | <u>80,127</u> | <u>478,287</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 27,308</u> | <u>\$ 14,504</u> | <u>\$ 440,944</u> | <u>\$ 81,780</u> | |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | | |
| Capital Assets, Not Being Depreciated | | | | | 1,763,195 |
| 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 | | | | | (2,606,424) |
| Accrued Interest on Bonds Payable | | | | | (29,389) |
| Developer Advance Payable | | | | | (57,636) |
| Accrued Interest on Developer Advance | | | | | (3,266) |
| Net Position of Governmental Activities | | | | | <u>\$ (455,233)</u> |

See accompanying Notes to Basic Financial Statements.

HANCE RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental Fund |
|---|-------------------|--------------------|-------------------|---------------------|-------------------------------|
| REVENUES | | | | | |
| Property Taxes | \$ 13,870 | \$ - | \$ 33,289 | \$ - | \$ 47,159 |
| Specific Ownership Taxes | 1,109 | - | 2,663 | - | 3,772 |
| Interest Income | - | - | 59 | 56 | 115 |
| Operations Fees | - | 8,654 | - | - | 8,654 |
| Transfer Fees | - | 10,200 | - | - | 10,200 |
| Total Revenues | 14,979 | 18,854 | 36,011 | 56 | 69,900 |
| EXPENDITURES | | | | | |
| General: | | | | | |
| Accounting | 27,260 | - | - | 2,141 | 29,401 |
| Audit | 4,700 | - | - | - | 4,700 |
| County Treasurer's Fees | 208 | - | 499 | - | 707 |
| District Management | - | 6,000 | - | - | 6,000 |
| Dues and Licenses | 496 | - | - | - | 496 |
| Engineering | - | - | - | 2,888 | 2,888 |
| Insurance | 2,836 | - | - | - | 2,836 |
| Landscaping | - | 3,940 | - | - | 3,940 |
| Legal Services | 20,764 | - | - | - | 20,764 |
| Miscellaneous | - | 600 | - | - | 600 |
| Trash Removal | - | 2,081 | - | - | 2,081 |
| Debt Service: | | | | | |
| Bond Interest - Series 2020A | - | - | 117,987 | - | 117,987 |
| Capital Projects: | | | | | |
| Capital Outlay | - | - | - | 646,054 | 646,054 |
| Total Expenditures | 56,264 | 12,621 | 118,486 | 651,083 | 838,454 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (41,285) | 6,233 | (82,475) | (651,027) | (768,554) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Developer Advance | 30,000 | - | - | 646,054 | 676,054 |
| Repay Developer Advance | - | - | - | (418,994) | (418,994) |
| Transfer In/Out | - | - | 18,000 | (18,000) | - |
| Total Other Financing Sources (Uses) | 30,000 | - | 18,000 | 209,060 | 257,060 |
| NET CHANGE IN FUND BALANCES | (11,285) | 6,233 | (64,475) | (441,967) | (511,494) |
| Fund Balances - Beginning of Year | 5,787 | 1,645 | 460,255 | 522,094 | 989,781 |
| FUND BALANCES - END OF YEAR | <u>\$ (5,498)</u> | <u>\$ 7,878</u> | <u>\$ 395,780</u> | <u>\$ 80,127</u> | <u>\$ 478,287</u> |

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

| | |
|--|--------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (511,494) |
|--|--------------|

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/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

| | |
|-------------------------------|---------|
| Capital Outlay - Current Year | 646,054 |
|-------------------------------|---------|

The issuance of long-term debt (e.g., Loans, 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 record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

| | |
|--|-----------|
| Developer Advances | (676,054) |
| Interest Earned on Developer Receivable | 53 |
| Repayment of Developer Advance | 418,005 |
| Repayment of Accrued Interest on Developer Advance | 989 |

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 | 186 |
| Accrued Interest on Developer Advance - Change in Liability | (4,255) |
| Accrued Interest on Bonds - Change in Liability | (18,497) |

| | |
|---|--------------|
| Change in Net Position of Governmental Activities | \$ (145,013) |
|---|--------------|

**HANCE RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 13,870 | \$ 13,870 | \$ - |
| Specific Ownership Taxes | 971 | 1,109 | 138 |
| Total Revenues | 14,841 | 14,979 | 138 |
| EXPENDITURES | | | |
| Accounting | 30,000 | 27,260 | 2,740 |
| Auditing | 5,000 | 4,700 | 300 |
| County Treasurer's Fees | 208 | 208 | - |
| Contingency | 1,792 | - | 1,792 |
| Dues and Licenses | 500 | 496 | 4 |
| Insurance | 2,500 | 2,836 | (336) |
| Legal Services | 35,000 | 20,764 | 14,236 |
| Total Expenditures | 75,000 | 56,264 | 18,736 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (60,159) | (41,285) | 18,874 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | 59,600 | 30,000 | (29,600) |
| Total Other Financing Sources (Uses) | 59,600 | 30,000 | (29,600) |
| NET CHANGE IN FUND BALANCE | (559) | (11,285) | (10,726) |
| Fund Balance - Beginning of Year | 1,100 | 5,787 | 4,687 |
| FUND BALANCE - END OF YEAR | \$ 541 | \$ (5,498) | \$ (6,039) |

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|---------------------------------|-------------------|---|
| REVENUES | | | |
| Operations Fees | \$ 25,030 | \$ 8,654 | \$ (16,376) |
| Transfer Fees | 30,600 | 10,200 | (20,400) |
| Total Revenues | 55,630 | 18,854 | (36,776) |
| EXPENDITURES | | | |
| District Management | 22,500 | 6,000 | 16,500 |
| Landscaping | 7,500 | 3,940 | 3,560 |
| Miscellaneous | 500 | 600 | (100) |
| Repairs and Maintenance | 4,000 | - | 4,000 |
| Snow Removal | 7,500 | - | 7,500 |
| Trash Removal | 7,500 | 2,081 | 5,419 |
| Utilities | 2,500 | - | 2,500 |
| Total Expenditures | 52,000 | 12,621 | 39,379 |
| NET CHANGE IN FUND BALANCE | 3,630 | 6,233 | 2,603 |
| Fund Balance - Beginning of Year | - | 1,645 | 1,645 |
| FUND BALANCE - END OF YEAR | <u>\$ 3,630</u> | <u>\$ 7,878</u> | <u>\$ 4,248</u> |

See accompanying Notes to Basic Financial Statements.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Hance Ranch Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Jefferson County, Colorado on November 19, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

At a special election of the eligible electors of the District held on November 5, 2019, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain public improvements.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

The Special Revenue Fund is used to account for Operations Fees received and expenditures incurred in connection with operations and maintenance services of the District.

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

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

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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.

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.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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 two items that qualify for reporting in this category. Accordingly, the items, deferred property tax revenue and unearned revenues, are deferred and recognized as inflows of resources in the period that the amounts become 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.

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.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2021. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2022.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-----------------------------------|-------------------|
| Cash and Investments | \$ 21,825 |
| Cash and Investments - Restricted | 478,494 |
| Total Cash and Investments | <u>\$ 500,319</u> |

Cash and investments as of December 31, 2021, consist of the following:

| | |
|--------------------------------------|-------------------|
| Deposits with Financial Institutions | \$ 58,211 |
| Investments | 442,108 |
| Total Cash and Investments | <u>\$ 500,319</u> |

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

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

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

At December 31, 2021, the District's cash deposits had a bank balance of \$55,700 and carrying balance of \$58,211.

Investments

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

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

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

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

- . Obligations of the United States, certain U.S. government agency securities of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2021, 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 | \$ 442,108 |

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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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 is rated AAAM by Standard & Poor's. 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 and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in the District's Capital Assets for the period ended December 31, 2021, follows:

| | Balance - December 31, 2020 | Additions | Reductions | Balance - December 31, 2021 |
|---|-----------------------------------|------------|------------|-----------------------------------|
| Governmental Type Activities: | | | | |
| Capital Assets, not Being Depreciated: | | | | |
| Construction in Progress | \$ 1,117,141 | \$ 646,054 | \$ - | \$ 1,763,195 |
| Total Capital Assets, not Being Depreciated | \$ 1,117,141 | \$ 646,054 | \$ - | \$ 1,763,195 |

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

| <u>Governmental Activities</u> | Balance - December 31, 2020 | Additions | Reductions | Balance - December 31, 2021 | Due Within One Year |
|--------------------------------|-----------------------------------|-------------------|-------------------|-----------------------------------|------------------------|
| Bonds Payable: | | | | | |
| Limited Tax General | | | | | |
| Obligation Bonds: | | | | | |
| Series 2020A(3) | \$ 2,375,000 | \$ - | \$ - | \$ 2,375,000 | \$ - |
| Series 2020A(3) - Premium | 4,610 | - | 186 | 4,424 | - |
| Series 2020B(3) | 227,000 | - | - | 227,000 | - |
| Total Bonds Payable | 2,606,610 | - | 186 | 2,606,424 | - |
| Other Debts: | | | | | |
| Developer Advances: | | | | | |
| Operational | 26,648 | 30,000 | - | 56,648 | - |
| Capital | - | 646,054 | 645,066 | 988 | - |
| Accrued interest on | | | | | |
| Developer Advances: | | | | | |
| Operational | - | 3,255 | - | 3,255 | - |
| Capital | - | 1,000 | 989 | 11 | - |
| Total | <u>\$ 2,633,258</u> | <u>\$ 680,309</u> | <u>\$ 646,241</u> | <u>\$ 2,667,326</u> | <u>\$ -</u> |

The details of the District's general obligation bonds outstanding during 2021 are as follows:

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A(3) (the Senior Bonds) and **Subordinate Limited Tax General Obligation Bonds, Series 2020B(3)** (the Subordinate Bonds, and together with the Senior Bonds, the Bonds)

Bond Proceeds

The District issued the Bonds on December 10, 2020, in the par amounts of \$2,375,000 for the Senior Bonds and \$227,000 for the Subordinate Bonds. Proceeds from the sale of the Senior Bonds were used to fund: (i) the costs of public improvements for the benefit of the District; (ii) capitalized interest on the Senior Bonds; (iii) certain funds created in the Senior Indenture; and (iv) costs of issuing the Bonds. Proceeds of the Subordinate Bonds were used to fund additional costs of public improvements

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Details

The Senior Bonds were issued as two term bonds that bear interest at the rates of 5.000% and 5.125% (5.087% yield), mature on December 1, 2040 and December 1, 2050, respectively, and are payable semiannually on June 1 and December 1, beginning on June 1, 2021. The Senior Bonds have annual mandatory sinking fund principal payments due on December 1, beginning on December 1, 2028. To the extent the principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 31, 2060, and shall continue to bear interest at the rate borne by the Senior Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Senior Bond. In the event that any amount of principal or interest on the Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on December 31, 2060, the Senior Bonds shall be deemed discharged.

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue from the following sources, net of any costs of collection and any tax refunds or abatements authorized by or on behalf of the County: (a) the Senior Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; (c) the Cooperation Agreement 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.

Cooperation Agreement Revenues means the net incremental property tax revenues derived from any debt service mill levy imposed by the District and paid by the Authority to the District pursuant to the Cooperation Agreement.

Prior to the Conversion Date, the District has covenanted to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due and, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 60.000 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2018), and (ii) for so long as the Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 60.000 mills (subject to adjustment), or such lesser mill levy which will pay the Senior Bonds when due, will replenish the Reserve Fund to the amount of the Required Reserve and, for so long as the Surplus Fund is required to be maintained, will fund the Surplus Fund to the Maximum Surplus Amount.

The Conversion Date means the date that: (i) the Debt to Assessed Ratio is 50% or less; (ii) no payments of principal or interest on the Senior Bonds are past due; and, (iii) the amount on deposit in the Reserve Fund is not less than the Required Reserve. On and after the Conversion Date, a Senior Required Mill Levy is to be imposed upon all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due and, if necessary, to replenish the Reserve Fund to the amount of the Required Reserve, without limitation of rate.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Additional Security for Senior Bonds

The Senior Bonds are additionally secured by capitalized interest which was funded from proceeds of the Senior Bonds in the amount of \$221,243, by the Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Required Reserve of \$221,243, and by amounts, if any, in the Surplus Fund. The balance in the capitalized interest account as of December 31, 2021, is \$121,013.

Subject to the receipt of sufficient Senior Pledged Revenue, the Reserve Fund is to be maintained in the amount of the Reserve Requirement for as long as any Senior Bonds are outstanding. The balance in the Reserve Fund as of December 31, 2021, is \$221,242.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$237,500. Subject to the receipt of sufficient Senior Pledged Revenue, the Surplus Fund is to be maintained until the earlier of: (i) the Conversion Date or (ii) the date on which no Senior Bonds remain outstanding. On and after the Conversion Date, amounts on deposit in the Surplus Fund are to be released to the District for application to any lawful purpose. Pursuant to the Subordinate Indenture, amounts released from the Surplus Fund are pledged to the repayment of the Subordinate Bonds. The balance in the Surplus Fund as of December 31, 2021, is \$-0-.

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 8.000% per annum and are payable annually on December 15, beginning December 15, 2021, from, and to the extent of, available Subordinate Pledged Revenue, if any, and mature on December 15, 2050. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event that any amount of principal or interest on the Subordinate Bonds remains unpaid on December 31, 2060, the Subordinate Bonds will be deemed discharged.

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means the moneys derived by the District from the following sources, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax resulting from imposition of the Subordinate Required Mill Levy; (c) the portion of the Cooperation Agreement Revenues, if any, available after application to the payment of the Senior Bonds; (d) the amounts, if any, in the Surplus Fund released to the District; and (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Bonds Details (Continued)

The District has covenanted to impose a Subordinate Required Mill Levy upon all taxable property in the District each year in an amount of 60 mills (subject to adjustment) less the amount of the Senior Bond Required Mill Levy. Senior Bond Required Mill Levy means the ad valorem mill levy applied in connection with any Senior Bonds.

Optional Redemption

The Senior Bonds and the Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter, upon payment of 100% of the principal amount redeemed, plus accrued interest to the redemption date, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|--|---------------------------|
| December 1, 2025, to November 30, 2026 | 3.00% |
| December 1, 2026, to November 30, 2027 | 2.00 |
| December 1, 2027, to November 30, 2028 | 1.00 |
| December 1, 2028, and thereafter | 0.00 |

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

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|---------------------|
| 2022 | \$ - | \$ 121,013 | \$ 121,013 |
| 2023 | - | 121,013 | 121,013 |
| 2024 | - | 121,013 | 121,013 |
| 2025 | - | 121,013 | 121,013 |
| 2026 | - | 121,013 | 121,013 |
| 2027 - 2031 | 60,000 | 601,563 | 661,563 |
| 2032 - 2036 | 205,000 | 572,813 | 777,813 |
| 2037 - 2041 | 395,000 | 503,563 | 898,563 |
| 2042 - 2046 | 685,000 | 375,663 | 1,060,663 |
| 2047 - 2050 | 1,030,000 | 153,750 | 1,183,750 |
| Total | <u>\$ 2,375,000</u> | <u>\$ 2,812,413</u> | <u>\$ 5,187,413</u> |

The annual debt service requirements on the Subordinate Bonds are not included in the schedule above since they are payable only from available Subordinate Pledged Revenue.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Authorized November 5, 2019 Election | Authorization Used Series 2020 | Remaining at December 31, 2021 |
|--------------------------------|--|--------------------------------------|--------------------------------------|
| Public Improvements | \$ 60,000,000 | \$ 2,602,000 | \$ 57,398,000 |
| Operations and Maintenance | 6,000,000 | - | 6,000,000 |
| Private Agreements | 6,000,000 | - | 6,000,000 |
| In-District Special Assessment | 6,000,000 | - | 6,000,000 |
| Intergovernmental Agreements | 6,000,000 | - | 6,000,000 |
| Refunding | 60,000,000 | - | 60,000,000 |
| Total | <u>\$ 144,000,000</u> | <u>\$ 2,602,000</u> | <u>\$ 141,398,000</u> |

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$6,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, as follows:

| | Governmental Activities |
|-------------------------------|----------------------------|
| Restricted Net Position: | |
| Emergency Reserves | \$ 1,100 |
| Debt Service | 24,135 |
| Capital Projects | 75 |
| Total Restricted Net Position | <u>\$ 25,310</u> |

The District has a deficit in unrestricted net position. This deficit is primarily due to costs of debt issuance, and operating expenses paid by advances from Developer.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 INTERFUND TRANSFERS

The transfer from the Capital Projects Fund to the Debt Service Fund was to transfer the remaining unspent balance of the Costs of Issuance Fund to the Senior Bond Fund.

NOTE 8 AGREEMENTS

Cooperation Agreement

The District is located within the I-70/Kipling Corridors Urban Renewal Area (the Urban Renewal Area) created by the Wheat Ridge Urban Renewal Authority (the Authority) pursuant to the I-70/Kipling Corridors Urban Renewal Plan (the Urban Renewal Plan) adopted on August 10, 2009. The Urban Renewal Plan has an effective date of December 15, 2015. The Urban Renewal Plan states that taxes, if any, levied after the effective date of December 15, 2015, upon the Urban Renewal Area shall be divided for a period not to exceed 25 years from the effective date of the Urban Renewal Plan and that a portion of property tax revenues shall be allocated to and paid into a special fund of the Authority, to pay the principal of, interest on, and any premiums due in connection with any bonds, loans, or indebtedness incurred by the Authority.

Accordingly, until 2040, property tax revenues collected as a result of the District's mill levies upon the incremental value of property within the District are payable to the Authority. However, the District and the Authority entered into a Cooperation Agreement effective October 1, 2019, pursuant to which the Authority agrees to remit any revenues collected from the District's mill levy upon the tax increment portion of the District's assessed valuation back to the District.

Intergovernmental Agreement with the City of Wheat Ridge

Pursuant to the Intergovernmental Agreement with the city of Wheat Ridge (City) dated August 26, 2019, the District shall dedicate the Public Improvements, as defined in the Service Plan, to the City or other appropriate jurisdiction or owners association in a manner consistent with the approved development plans and other rules and regulations of the City and applicable provisions of the City Code. The District shall be authorized to operate and maintain any part or all of the Public Improvements which are not dedicated to the City or other public entity. The Agreement also restates and affirms certain of the obligations and limitations set forth in the District's Service Plan.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 RELATED PARTIES

The property within the District is being developed by Hance Ranch Station, LLC (Developer). During 2021, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

Public Improvements Acquisition and Reimbursement Agreement

The District and the Developer entered into a Public Improvements Acquisition and Reimbursement Agreement on December 11, 2019. Pursuant to the agreement, the District and the Developer acknowledge that the District is authorized to construct, acquire and install public improvements and other facilities and services that benefit the property within the boundaries of the District, subject to the limitations set forth in the Service Plan and the Special District Act.

Pursuant to the Agreement the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or twenty (20) years from the execution date. The District agrees to reimburse the Developer for certified construction costs related to public improvements together within simple interest that shall accrue on amounts reimbursable to the Developer under the Agreement, until paid, at the rate of eight percent (8%) per annum. Prior to reimbursement, the Developer is required to provide certain materials to the District for review. Following receipt of such materials the District's accountant and engineer shall review the materials to substantiate the costs and issue a cost certification to the District. No payment is due until the District has adopted an Acceptance Resolution.

As of December 31, 2021, outstanding advances under this Agreement totaled \$988 and accrued interest totaled \$11.

Funding and Reimbursement Agreement

The District and the Developer entered into a Funding and Reimbursement Agreement on November 13, 2019, and an amendment on October 20, 2021, for the purposes of funding operations and maintenance costs. The Developer agreed to loan to the District one or more sums of money, not to exceed an aggregate of \$200,000 through December 31, 2022. Thereafter, the Developer may agree to renew its obligations by providing written notice thereof to the District, in which case the termination date shall be amended to the date provided in such notice, which date shall not be earlier than December 31 of the succeeding year.

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 RELATED PARTIES (CONTINUED)

Funding and Reimbursement Agreement (Continued)

Pursuant to the Agreement the obligations of the District in this Agreement are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Certified District Eligible Costs or twenty (20) years from the execution date. With respect to each loan advance made under this agreement prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be 8% per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount.

As of December 31, 2021, outstanding advances under this Agreement totaled \$56,648 and accrued interest totaled \$3,255.

NOTE 10 RISK MANAGEMENT

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

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

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

**HANCE RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 TAX, SPENDING, AND DEBT LIMITATION

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

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

On November 5, 2019, the District's voters approved for an annual increase in taxes of \$5,000,000 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.

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.

SUPPLEMENTARY INFORMATION

**HANCE RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 33,289 | \$ 33,289 | \$ - |
| Specific Ownership Taxes | 2,330 | 2,663 | 333 |
| Interest Income | 1,000 | 59 | (941) |
| Total Revenues | <u>36,619</u> | <u>36,011</u> | <u>(608)</u> |
| EXPENDITURES | | | |
| Bond Interest - Series 2020A | 117,987 | 117,987 | - |
| Contingency | 7,514 | - | 7,514 |
| County Treasurer's Fees | 499 | 499 | - |
| Paying Agent Fees | 5,000 | - | 5,000 |
| Total Expenditures | <u>131,000</u> | <u>118,486</u> | <u>12,514</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (94,381) | (82,475) | 11,906 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer from Other Funds | - | 18,000 | 18,000 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>18,000</u> | <u>18,000</u> |
| NET CHANGE IN FUND BALANCE | (94,381) | (64,475) | 29,906 |
| Fund Balance - Beginning of Year | <u>460,242</u> | <u>460,255</u> | <u>13</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 365,861</u> | <u>\$ 395,780</u> | <u>\$ 29,919</u> |

**HANCE RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|-------------------|---|
| REVENUES | | | |
| Interest Income | \$ 1,000 | \$ 56 | \$ (944) |
| Total Revenues | 1,000 | 56 | (944) |
| EXPENDITURES | | | |
| Accounting | - | 2,141 | (2,141) |
| Capital Outlay | 1,000,000 | 646,054 | 353,946 |
| Engineering | - | 2,888 | (2,888) |
| Total Expenditures | 1,000,000 | 651,083 | 348,917 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (999,000) | (651,027) | 347,973 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | 1,000,000 | 646,054 | (353,946) |
| Repay Developer Advance | (735,457) | (418,994) | 316,463 |
| Transfers to Other Fund | - | (18,000) | (18,000) |
| Total Other Financing Sources (Uses) | 264,543 | 209,060 | (55,483) |
| NET CHANGE IN FUND BALANCE | (734,457) | (441,967) | 292,490 |
| Fund Balance - Beginning of Year | 734,457 | 522,094 | (212,363) |
| FUND BALANCE - END OF YEAR | \$ - | \$ 80,127 | \$ 80,127 |

OTHER INFORMATION

**HANCE RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$2,375,000 General Obligation Limited Tax Bonds
Series 2020A(3) Senior Bond Issue, Dated December 10, 2020
Interest Rate 5.000% - 5.125%

| Year Ended December 31, | Interest Payable June 1 and December 1 | | |
|----------------------------|--|---------------------|---------------------|
| | Principal | Interest | Total |
| 2022 | \$ - | \$ 121,013 | \$ 121,013 |
| 2023 | - | 121,013 | 121,013 |
| 2024 | - | 121,013 | 121,013 |
| 2025 | - | 121,013 | 121,013 |
| 2026 | - | 121,013 | 121,013 |
| 2027 | - | 121,013 | 121,013 |
| 2028 | 10,000 | 121,013 | 131,013 |
| 2029 | 10,000 | 120,513 | 130,513 |
| 2030 | 20,000 | 120,013 | 140,013 |
| 2031 | 20,000 | 119,013 | 139,013 |
| 2032 | 30,000 | 118,013 | 148,013 |
| 2033 | 30,000 | 116,513 | 146,513 |
| 2034 | 45,000 | 115,013 | 160,013 |
| 2035 | 45,000 | 112,763 | 157,763 |
| 2036 | 55,000 | 110,513 | 165,513 |
| 2037 | 60,000 | 107,763 | 167,763 |
| 2038 | 75,000 | 104,763 | 179,763 |
| 2039 | 75,000 | 101,013 | 176,013 |
| 2040 | 90,000 | 97,263 | 187,263 |
| 2041 | 95,000 | 92,763 | 187,763 |
| 2042 | 115,000 | 87,894 | 202,894 |
| 2043 | 120,000 | 82,000 | 202,000 |
| 2044 | 140,000 | 75,850 | 215,850 |
| 2045 | 145,000 | 68,675 | 213,675 |
| 2046 | 165,000 | 61,244 | 226,244 |
| 2047 | 175,000 | 52,788 | 227,788 |
| 2048 | 195,000 | 43,819 | 238,819 |
| 2049 | 205,000 | 33,825 | 238,825 |
| 2050 | 455,000 | 23,319 | 478,319 |
| Total | <u>\$ 2,375,000</u> | <u>\$ 2,812,413</u> | <u>\$ 5,187,413</u> |

HANCE RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021

| Year Ended December 31, | Prior Year Gross Assessed Valuation for Current Year Property Tax Levy | Prior Year Net Assessed Valuation for Current Year Property Tax Levy | Mills Levied for | | Total Property Taxes | | Percent Collected to Levied |
|---|---|---|------------------|--------------|-------------------------|-----------|-----------------------------------|
| | | | General | Debt Service | Levied | Collected | |
| 2020 | \$ 457,562 | \$ 457,562 | 75.524 | 0.000 | \$ 34,557 | 33,809 | 97.84 % |
| 2021 | 576,002 | 550,975 | 25.174 | 60.419 | 47,159 | 47,159 | 100.00 |
| Estimated for the Year Ending December 31, 2022 | \$ 799,033 | \$ 747,519 | 25.174 | 60.419 | \$ 63,982 | | |

EXHIBIT B

2022 Budget

HANCE RANCH METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

**HANCE RANCH METROPOLITAN DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ - | \$ 989,781 | \$ 476,036 |
| REVENUE | | | |
| Property taxes | 33,809 | 47,159 | 63,982 |
| Specific ownership tax | 2,583 | 3,713 | 4,478 |
| Interest income | 33 | 200 | 400 |
| Developer advance | 1,143,789 | 696,054 | 656,000 |
| Operations fees | - | 7,500 | 25,030 |
| Transfer fees | - | 10,000 | 30,600 |
| Other revenue | 1,645 | - | - |
| Bond issuance - Series 2020A(3) | 2,375,000 | - | - |
| Bond issuance - Series 2020B(3) | 227,000 | - | - |
| Bond premium - Series 2020A(3) | 4,610 | - | - |
| Total revenue | 3,788,469 | 764,626 | 780,490 |
| TRANSFERS IN | 460,242 | 18,000 | - |
| Total funds available | 4,248,711 | 1,772,407 | 1,256,526 |
| EXPENDITURES | | | |
| General Fund | 57,253 | 65,783 | 80,000 |
| Debt Service Fund | - | 123,486 | 135,000 |
| Capital Projects Fund | 2,741,435 | 1,071,802 | 678,596 |
| Special Revenue Fund | - | 17,300 | 52,000 |
| Total expenditures | 2,798,688 | 1,278,371 | 945,596 |
| TRANSFERS OUT | 460,242 | 18,000 | - |
| Total expenditures and transfers out requiring appropriation | 3,258,930 | 1,296,371 | 945,596 |
| ENDING FUND BALANCES | \$ 989,781 | \$ 476,036 | \$ 310,930 |
| EMERGENCY RESERVE | \$ 1,100 | \$ 400 | \$ 700 |
| SPECIAL REVENUE RESERVE | - | 600 | 1,700 |
| DEBT SERVICE RESERVE | 221,243 | 221,243 | 221,243 |
| DEBT SERVICE SURPLUS RESERVE | 13 | 48,524 | 83,111 |
| CAPITALIZED INTEREST | 238,999 | 121,012 | - |
| TOTAL RESERVE | \$ 466,042 | \$ 396,345 | \$ 306,754 |

**HANCE RANCH METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

| ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

ASSESSED VALUATION

| | | | |
|--------------------------|------------|------------|------------|
| Residential | \$ - | \$ - | \$ 169,222 |
| Personal property | - | - | 2,142 |
| State assessed | - | - | 12 |
| Vacant land | 457,562 | 576,002 | 627,657 |
| | 457,562 | 576,002 | 799,033 |
| Adjustments | - | (25,027) | (51,514) |
| Certified Assessed Value | \$ 457,562 | \$ 550,975 | \$ 747,519 |

MILL LEVY

| | | | |
|-----------------|--------|--------|--------|
| General | 75.524 | 25.174 | 25.174 |
| Debt Service | 0.000 | 60.419 | 60.419 |
| Total mill levy | 75.524 | 85.593 | 85.593 |

PROPERTY TAXES

| | | | |
|--------------------------------|-----------|-----------|-----------|
| General | \$ 34,557 | \$ 13,870 | \$ 18,818 |
| Debt Service | - | 33,289 | 45,164 |
| Levied property taxes | 34,557 | 47,159 | 63,982 |
| Adjustments to actual/rounding | (748) | - | - |
| Budgeted property taxes | \$ 33,809 | \$ 47,159 | \$ 63,982 |

BUDGETED PROPERTY TAXES

| | | | |
|--------------|-----------|-----------|-----------|
| General | \$ 33,809 | \$ 13,870 | \$ 18,818 |
| Debt Service | - | 33,289 | 45,164 |
| | \$ 33,809 | \$ 47,159 | \$ 63,982 |

**HANCE RANCH METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ 5,787 | \$ 4,966 |
| REVENUE | | | |
| Property taxes | 33,809 | 13,870 | 18,818 |
| Specific ownership tax | 2,583 | 1,092 | 1,317 |
| Developer advance | 26,648 | 50,000 | 56,000 |
| Total revenue | 63,040 | 64,962 | 76,135 |
| Total funds available | 63,040 | 70,749 | 81,101 |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 10,777 | 30,000 | 33,000 |
| Auditing | - | 4,700 | 5,000 |
| County Treasurer's fee | 507 | 208 | 282 |
| Dues and licenses | - | 500 | 500 |
| Insurance and bonds | 501 | 5,375 | 3,500 |
| District management | 1,500 | - | - |
| Legal services | 42,537 | 25,000 | 35,000 |
| Miscellaneous | 982 | - | 718 |
| Election expense | 449 | - | 2,000 |
| Total expenditures | 57,253 | 65,783 | 80,000 |
| Total expenditures and transfers out requiring appropriation | 57,253 | 65,783 | 80,000 |
| ENDING FUND BALANCE | \$ 5,787 | \$ 4,966 | \$ 1,101 |
| EMERGENCY RESERVE | \$ 1,100 | \$ 400 | \$ 700 |
| TOTAL RESERVE | \$ 1,100 | \$ 400 | \$ 700 |

**HANCE RANCH METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|-----------------|-------------------|-----------------|
| BEGINNING FUND BALANCE | \$ - | \$ 1,645 | \$ 1,845 |
| REVENUE | | | |
| Other revenue | 1,645 | - | - |
| Operations fees | - | 7,500 | 25,030 |
| Transfer fees | - | 10,000 | 30,600 |
| Total revenue | <u>1,645</u> | <u>17,500</u> | <u>55,630</u> |
| Total funds available | <u>1,645</u> | <u>19,145</u> | <u>57,475</u> |
| EXPENDITURES | | | |
| Operations and maintenance | | | |
| Repairs and maintenance | - | 1,000 | 4,000 |
| District management | - | 7,500 | 22,500 |
| Landscaping | - | 2,500 | 7,500 |
| Trash removal | - | 2,500 | 7,500 |
| Snow Removal | - | 2,500 | 7,500 |
| Utilities | - | 1,000 | 2,500 |
| Miscellaneous | - | 300 | 500 |
| Total expenditures | <u>-</u> | <u>17,300</u> | <u>52,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>-</u> | <u>17,300</u> | <u>52,000</u> |
| ENDING FUND BALANCE | <u>\$ 1,645</u> | <u>\$ 1,845</u> | <u>\$ 5,475</u> |
| SPECIAL REVENUE RESERVE | <u>\$ -</u> | <u>\$ 600</u> | <u>\$ 1,700</u> |
| TOTAL RESERVE | <u>\$ -</u> | <u>\$ 600</u> | <u>\$ 1,700</u> |

**HANCE RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ 460,255 | \$ 390,779 |
| REVENUE | | | |
| Property taxes | - | 33,289 | 45,164 |
| Specific ownership tax | - | 2,621 | 3,161 |
| Interest income | 13 | 100 | 250 |
| Total revenue | 13 | 36,010 | 48,575 |
| TRANSFERS IN | | | |
| Transfers from other funds | 460,242 | 18,000 | - |
| Total funds available | 460,255 | 514,265 | 439,354 |
| EXPENDITURES | | | |
| Debt Service | | | |
| County Treasurer's fee | - | 499 | 677 |
| Contingency | - | - | 8,310 |
| Paying agent fees | - | 5,000 | 5,000 |
| Bond interest - Series 2020A | - | 117,987 | 121,013 |
| Total expenditures | - | 123,486 | 135,000 |
| Total expenditures and transfers out requiring appropriation | - | 123,486 | 135,000 |
| ENDING FUND BALANCE | \$ 460,255 | \$ 390,779 | \$ 304,354 |
| DEBT SERVICE RESERVE | \$ 221,243 | \$ 221,243 | \$ 221,243 |
| DEBT SERVICE SURPLUS RESERVE | 13 | 48,524 | 83,111 |
| CAPITALIZED INTEREST | 238,999 | 121,012 | - |
| TOTAL RESERVE | \$ 460,255 | \$ 390,779 | \$ 304,354 |

**HANCE RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/22

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ 522,094 | \$ 78,446 |
| REVENUE | | | |
| Interest income | 20 | 100 | 150 |
| Bond issuance - Series 2020A(3) | 2,375,000 | - | - |
| Bond premium - Series 2020A(3) | 4,610 | - | - |
| Bond issuance - Series 2020B(3) | 227,000 | - | - |
| Developer advance | 1,117,141 | 646,054 | 600,000 |
| Total revenue | 3,723,771 | 646,154 | 600,150 |
| Total funds available | 3,723,771 | 1,168,248 | 678,596 |
| EXPENDITURES | | | |
| Capital Projects | | | |
| Accounting | 1,653 | 1,314 | - |
| Bond issue costs | 276,770 | - | - |
| Engineering | 1,730 | 5,439 | - |
| Repay developer advance | 1,344,141 | 418,995 | 78,596 |
| Capital outlay | 1,117,141 | 646,054 | 600,000 |
| Total expenditures | 2,741,435 | 1,071,802 | 678,596 |
| TRANSFERS OUT | | | |
| Transfers to other fund | 460,242 | 18,000 | - |
| Total expenditures and transfers out requiring appropriation | 3,201,677 | 1,089,802 | 678,596 |
| ENDING FUND BALANCE | \$ 522,094 | \$ 78,446 | \$ - |

**HANCE RANCH METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Hance Ranch Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order of the District Court in Jefferson County on November 19, 2019, and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article I, Colorado Revised Statutes. The District’s service area is location in Jefferson County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services.

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$6,000,000. In the future, the District may issue a portion or all of the authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts’ service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1- 105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Developer Advances

The District is in the development stage. As such, a significant portion of the operating and administrative expenditures are to be funded by the Developer. The Developer is also expected to construct or cause to construct certain public improvements on behalf of the District. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

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.

The calculation of the taxes levied is displayed on the property tax summary information page of the budget.

**HANCE RANCH METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.10%.

Operations Fees

The District imposes an Operations Fee on all residential units within the boundaries of the District to fund operating costs.

Transfer Fees

The District imposes a Transfer Fee upon each transfer of a residential unit to an end user.

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated cost of services necessary to maintain the District's administrative viability such as legal, accounting, insurance, membership dues, election and other administrative expenditures.

Debt Service

Principal and interest payments in 2022 are provided based on the debt amortization schedule from the Series 2020A(3) Bonds (discussed under Debts and Leases). There is no debt amortization schedule provided for the Series 2020B(3) Subordinate Bonds as the Bond is a cash flow bond and the timing of the payments are unknown.

Capital Outlay

The District anticipates capital outlay as outlined in the Capital Project Fund.

**HANCE RANCH METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

Series 2020 Bonds

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A(3) on December 10, 2020, in the par amount of \$2,375,000 (the Senior Bonds). The District also issued Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) on December 10, 2020, in the par amount of \$227,000 (the Subordinate Bonds). Proceeds from the sale of the Senior and Subordinate Bonds were used to fund: (i) the costs of public improvements for the benefit of the District; (ii) capitalized interest on the Senior Bonds; (iii) certain funds created in the Senior Indenture; and (iv) costs of issuing the Bonds.

Senior Bonds Details

The Senior Bonds were issued as two term bonds that bear interest at the respective rates of 5.000% and 5.125%, payable semiannually on June 1 and December 1, beginning on June 1, 2022. The Senior Bonds have annual mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2028 and mature on December 1, 2050.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 31, 2060, and shall continue to bear interest at the rate borne by the Senior Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Senior Bond. In the event that any amount of principal or interest on the Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on December 31, 2060, the Senior Bonds shall be deemed discharged.

Senior Bonds Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue from the following sources, net of any costs of collection and any property tax refunds or abatement authorized by or on behalf of the County: (a) the Senior Required Mill Levy; (b) the portion of the Senior Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; (c) the Cooperation Agreement Revenues; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Trustee for application as Senior Pledged Revenue.

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 8.000% per annum and are payable annually on December 15, beginning December 15, 2022 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2050. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

All of the Subordinate Bonds and interest thereon are to be deemed to be discharged after the application of all available Subordinate Pledged Revenue on December 31, 2060 (the "Subordinate Bonds Termination Date"), regardless of the amount of principal and interest paid prior to the Subordinate Bonds Termination Date.

**HANCE RANCH METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

Subordinate Bonds Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax Revenues resulting from the Subordinate Required Mill Levy; (c) the portion of the Cooperation Agreement Revenues, if any, available after application to the payment of the Senior Bonds; (d) the amounts, if any, in the Surplus Fund released to the District pursuant to the Senior Indenture; (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Optional Redemption

The Senior and Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, upon payment of par, accrued interest, and a redemption premium of 3% and on any date thereafter, with a redemption premium declining 1% per year for the next two years and no redemption premium thereafter.

Senior Required Mill Levy

Pursuant to the Senior Indenture, prior to the Conversion Date, the District has covenanted to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due and, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 60.000 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement with respect to the classes of property on which the District may impose its mill levy after January 1, 2018), and (ii) for so long as the Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 60.000 mills (subject to adjustment), or such lesser mill levy which will pay the Senior Bonds when due, will replenish the Reserve Fund to the amount of the Required Reserve and, for so long as the Surplus Fund is required to be maintained, will fund the Surplus Fund to the Maximum Surplus Amount.

The Conversion Date means the date that: (i) the Debt to Assessed Ratio is 50% or less; (ii) no payments of principal or interest on the Senior Bonds are past due; and, (iii) the amount on deposit in the Reserve Fund is not less than the Required Reserve. Debt to Assessed Ratio means the ratio derived by dividing the then-outstanding principal amount of all debt of the District by the assessed valuation of taxable property in the District. For purposes of the forecast, the current year Debt to Assessed Ratio is calculated based on the outstanding Bonds as of December 2 of the current year and the assessed valuation for the subsequent year.

On and after the Conversion Date, a Senior Required Mill Levy is to be imposed upon all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due and, if necessary, to replenish the Reserve Fund to the amount of the Required Reserve, without limitation of rate. On and after the Conversion Date, the definition of "Senior Required Mill Levy" shall be determined exclusively by this paragraph regardless of any subsequent increase in the Debt to Assessed Ratio.

**HANCE RANCH METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

Subordinate Required Mill Levy

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy upon all taxable property in the District each year in an amount of 60 mills (subject to adjustment) less the amount of the Senior Bond Required Mill Levy. Senior Bond Required Mill Levy means the ad valorem mill levy applied in connection with any Senior Bonds.

The Subordinate Required Mill Levy will equal zero at any time that the (a) the payment of the Senior Bonds (and any other Senior Obligations) and replenishment of the Reserve Fund (and any similar reserve fund securing Senior Obligations) requires the imposition of at least 60 mills, as adjusted; and (b) prior to the Conversion Date, the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount.

The District has no debt, nor any capital and operating leases.

| | Balance at December 31, 2020 | Additions | Reductions | Balance at December 31, 2021* |
|--|-------------------------------------|------------------|-------------|-------------------------------------|
| Developer Advances: | | | | |
| Operations | \$ 26,648 | \$ 50,000 | \$ - | \$ 76,648 |
| Accrued Interest on Developer Advances: | | | | |
| Operations | - | 3,399 | - | 3,399 |
| Total | <u>\$ 26,648</u> | <u>\$ 53,399</u> | <u>\$ -</u> | <u>\$ 80,047</u> |
| | | | | |
| | Balance at December 31, 2021* | Additions | Reductions | Balance at December 31, 2022* |
| Developer Advances: | | | | |
| Operations | \$ 76,648 | \$ 56,000 | \$ - | \$ 132,648 |
| Accrued Interest on Developer Advances: | | | | |
| Operations | 3,399 | 8,371 | - | 11,770 |
| Total | <u>\$ 80,047</u> | <u>\$ 64,371</u> | <u>\$ -</u> | <u>\$ 144,418</u> |

*Estimated

**HANCE RANCH METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2022 as defined under TABOR.

Debt Service Reserve

The Senior Bonds are secured by the Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Required Reserve of \$221,243. The Reserve Fund is to be maintained in the amount of the Required Reserve for so long as any Senior Bond is outstanding. Moneys in the Surplus Fund are to be used for payment of the Senior Bonds prior to the use of any moneys in the Reserve Fund.

Debt Service Surplus Reserve

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$237,500. Subject to the receipt of sufficient Senior Pledged Revenue, the Surplus Fund is to be maintained until the earlier of: (i) the Conversion Date or (ii) the date on which no Senior Bonds remain outstanding.

On and after the Conversion Date, amounts on deposit in the Surplus Fund are to be released to the District for application to any lawful purpose. However, the forecast assumes that the Surplus Fund will not be released until the final maturity of the Senior Bonds, as explained below. Pursuant to the Subordinate Indenture, amounts released from the Surplus Fund are pledged to the repayment of the Subordinate Bonds.

This information is an integral part of the accompanying budget.

HANCE RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
MANDATORY REDEMPTION SCHEDULE
\$2,375,000 Limited Tax (Convertible to Unlimited Tax)
General Obligation Bonds

Series 2020A(3), Dated December 10, 2020

Principal Due December 1

Interest at 5.000% and 5.125%

Payable June 1 and December 1

| Year | Principal | Interest | Total |
|--------------|--------------------|--------------------|--------------------|
| 2022 | \$ - | \$ 121,013 | \$ 121,013 |
| 2023 | - | 121,013 | 121,013 |
| 2024 | - | 121,013 | 121,013 |
| 2025 | - | 121,013 | 121,013 |
| 2026 | - | 121,013 | 121,013 |
| 2027 | - | 121,013 | 121,013 |
| 2028 | 10,000 | 121,013 | 131,013 |
| 2029 | 10,000 | 120,513 | 130,513 |
| 2030 | 20,000 | 120,013 | 140,013 |
| 2031 | 20,000 | 119,013 | 139,013 |
| 2032 | 30,000 | 118,013 | 148,013 |
| 2033 | 30,000 | 116,513 | 146,513 |
| 2034 | 45,000 | 115,013 | 160,013 |
| 2035 | 45,000 | 112,763 | 157,763 |
| 2036 | 55,000 | 110,513 | 165,513 |
| 2037 | 60,000 | 107,763 | 167,763 |
| 2038 | 75,000 | 104,763 | 179,763 |
| 2039 | 75,000 | 101,013 | 176,013 |
| 2040 | 90,000 | 97,263 | 187,263 |
| 2041 | 95,000 | 92,763 | 187,763 |
| 2042 | 115,000 | 87,894 | 202,894 |
| 2043 | 120,000 | 82,000 | 202,000 |
| 2044 | 140,000 | 75,850 | 215,850 |
| 2045 | 145,000 | 68,675 | 213,675 |
| 2046 | 165,000 | 61,244 | 226,244 |
| 2047 | 175,000 | 52,788 | 227,788 |
| 2048 | 195,000 | 43,819 | 238,819 |
| 2049 | 205,000 | 33,825 | 238,825 |
| 2050 | 455,000 | 23,319 | 478,319 |
| Total | \$2,375,000 | \$2,812,413 | \$5,187,413 |

No assurance provided. See summary of significant assumptions.

EXHIBIT C

Assessed Valuation



SCOT KERSGAARD

Assessor

December 3, 2021

HANCE RANCH METRO
WHITE BEAR ANKELE TANAKA & WALDRON
2154 E COMMONS AVE 2000
CENTENNIAL CO 80122

OFFICE OF THE ASSESSOR
100 Jefferson County Parkway
Golden, CO 80419-2500
Phone: 303-271-8600
Fax: 303-271-8616
Website: <http://assessor.jeffco.us>
E-mail Address: assessor@jeffco.us

Code # 4363

CERTIFICATION OF VALUATION

The Jefferson County Assessor reports a taxable assessed valuation for your taxing entity for 2021 of:

\$799,033

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

SCOT KERSGAARD
Jefferson County Assessor

enc

CERTIFICATION OF VALUATION BY JEFFERSON COUNTY ASSESSOR

New Tax Entity

☒ YES ☐ NO

Date: December 3, 2021

NAME OF TAX ENTITY: HANCE RANCH METRO

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2021:

| | | | |
|---|-----|----|---------|
| 1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 1. | \$ | 576,002 |
| 2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡ | 2. | \$ | 799,033 |
| 3. LESS TOTAL TIF AREA INCREMENTS, IF ANY: | 3. | \$ | 51,514 |
| 4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 4. | \$ | 747,519 |
| 5. NEW CONSTRUCTION: * | 5. | \$ | 125,455 |
| 6. INCREASED PRODUCTION OF PRODUCING MINE: ≈ | 6. | \$ | 0 |
| 7. ANNEXATIONS/INCLUSIONS: | 7. | \$ | 0 |
| 8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈ | 8. | \$ | 0 |
| 9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): Φ | 9. | \$ | 0 |
| 10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A), C.R.S.). Includes all revenue collected on valuation not previously certified: | 10. | \$ | 0 |
| 11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.): | 11. | \$ | 0 |

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

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

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

Φ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART X, SEC.20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2021:

| | | | |
|--|----|----|-----------|
| 1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶ | 1. | \$ | 4,531,139 |
| ADDITIONS TO TAXABLE REAL PROPERTY | | | |
| 2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | 2. | \$ | 1,754,635 |
| 3. ANNEXATIONS/INCLUSIONS: | 3. | \$ | 0 |
| 4. INCREASED MINING PRODUCTION: § | 4. | \$ | 0 |
| 5. PREVIOUSLY EXEMPT PROPERTY: | 5. | \$ | 0 |
| 6. OIL OR GAS PRODUCTION FROM A NEW WELL: | 6. | \$ | 0 |
| 7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.): | 7. | \$ | 0 |

DELETIONS FROM TAXABLE REAL PROPERTY

| | | | |
|---|-----|----|---|
| 8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | 8. | \$ | 0 |
| 9. DISCONNECTIONS/EXCLUSIONS: | 9. | \$ | 0 |
| 10. PREVIOUSLY TAXABLE PROPERTY: | 10. | \$ | 0 |

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

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

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

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

| | | | |
|---|----|----|-----------|
| 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY | 1. | \$ | 4,566,521 |
|---|----|----|-----------|

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

| | | |
|--|----|-------|
| HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** | \$ | 8,119 |
|--|----|-------|

** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

EXHIBIT D

**Second Amended and Restated Resolution Concerning Imposition of Operations
Fees**

After Recording, Return to:
WHITE BEAR ANKELE TANAKA & WALDRON
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122

**SECOND
AMENDED AND RESTATED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
HANCE RANCH METROPOLITAN DISTRICT**

CONCERNING THE IMPOSITION OF AN OPERATIONS FEE

WHEREAS, the Hance Ranch Metropolitan District (the “**District**”) was formed pursuant to §§ 32-1-101, *et seq.*, C.R.S., as amended (the “**Special District Act**”), by order of the District Court for Jefferson County, Colorado, and after approval of the District’s eligible electors at an election; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the “**Board**”) shall have the management, control and supervision of all the business and affairs of the District; and

WHEREAS, the District and Hance Ranch Station, LLC (the “**Developer**”) have entered into that certain Access Easement and Maintenance Agreement dated August 26, 2020 and recorded on October 20, 2020 at Reception Number 2020137209 in Jefferson County, Colorado (the “**Access Easement and Maintenance Agreement**”); and

WHEREAS, pursuant to the Access Easement and Maintenance Agreement, the District is responsible for providing certain services to be performed, subject to taxes, fees and charges that may be imposed upon lots by the District in connection with the provision of such services; and

WHEREAS, the Board has determined it to be in the best interests of the District, and the property owners, taxpayers, and residents of the District, to acquire, construct, operate and maintain certain amenities and facilities benefitting property and inhabitants within the District, which amenities and facilities generally include the following: (1) landscape improvements, which may include, but are not limited to, plantings, trees, shrubs, grass, ground cover, irrigation lines and sprinkler systems and other landscape features, and including any such improvements that may be installed or constructed by a subsequent owner of the lot; (2) storm water drainage improvements, including mainline and drains; and (3) other public improvements, facilities, appurtenances and rights-of-way (collectively, the “**Facilities**”); and

WHEREAS, the Board has determined it to be in the best interests of the District, and the property owners, taxpayers, and residents of the District, to provide certain services to property and inhabitants within the boundaries of the District, including without limitation, landscape maintenance, snow removal, and covenant enforcement (collectively, the “**Services**”); and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the District is authorized to fix and impose fees, rates, tolls, penalties and charges for services or facilities furnished by the District which, until paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the District incurs certain direct and indirect costs associated with the repair, replacement, improvement, reconstruction operation and maintenance of the Facilities, as necessary, inclusive of the costs of utilities and capital replacement costs (collectively, the “**Facility Costs**”) in order that the Facilities may be properly provided and maintained; and

WHEREAS, the District incurs certain direct and indirect costs associated with the provision of the Services in order that the Services may be properly provided, the property within the District maintained, and that the health, safety and welfare of the District and its inhabitants may be safeguarded (collectively, the “**Service Costs**”); and

WHEREAS, the establishment and continuation of a fair and equitable fee (the “**Operations Fee**”) to provide a source of funding to pay for the Facility Costs and the Service Costs, (collectively, the “**Operations Costs**”), which Operations Costs are generally attributable to the persons and/or properties subject to such Operations Fees, is necessary to provide for the common good and for the prosperity and general welfare of the District and its inhabitants and for the orderly and uniform administration of the District’s affairs; and

WHEREAS, the District finds that the Operations Fee, as set forth in this Resolution, is reasonably related to the overall cost of providing the Facilities and Services and paying the Operations Costs, and that imposition thereof is necessary and appropriate;

WHEREAS, on November 18, 2020, the Board adopted an Amended and Restated Resolution of the Board of Directors of Hance Ranch Metropolitan District Concerning the Imposition of an Operations Fee, which was recorded in the real property records of the Jefferson County Clerk and Recorder’s Office on November 24, 2020, at Reception No. 20201562277 (the “**Prior Fee Resolution**”), and the Board desires to adopt this Resolution to amend and restate the Prior Fee Resolution in its entirety. Any fees, rates, tolls, penalties or charges due under the Prior Fee Resolution, to the extent outstanding and unpaid, shall remain in effect until fully paid and shall not be eliminated hereby.

NOW, THEREFORE, be it resolved by the Board as follows:

1. **DEFINITIONS.** Except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below:

“**District Boundaries**” means the legal boundaries of the District, as the same are established and amended from time to time pursuant to §§32-1-101, *et seq.*, C.R.S., as more particularly set forth in the map and legal description attached hereto as **Exhibit B** and incorporated herein by this reference.

“**Due Date**” means the date by which the Operations Fee is due, which Due Date is reflected on the Schedule of Fees.

“**End User**” means any third-party homeowner or tenant of any homeowner occupying or intending to occupy a Residential Unit

“**Fee Schedule**” or “**Schedule of Fees**” means the schedule of fees set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, until and unless otherwise amended and/or repealed.

“**Lot**” means each parcel of land established by a recorded final subdivision plat and which is located within the District Boundaries.

“**Residential Unit**” means each residential dwelling unit (including, without limitation, condominiums, townhomes, and any other attached dwelling unit and detached single family dwelling units) located within the District Boundaries which has been Transferred to an End User.

“**Transfer**” or “**Transferred**” shall include a sale, conveyance or transfer by deed, instrument, writing, lease or any other documents or otherwise by which real property is sold, granted, let, assigned, transferred, exchanged or otherwise vested in a tenant, tenants, purchaser or purchasers.

2. OPERATIONS FEE.

a. The Board has determined, and does hereby determine, that it is in the best interests of the District and its respective residents and property owners to impose, and does hereby impose an Operations Fee to fund the Operations Costs. The Operations Fee is hereby established and imposed in an amount as set forth by the District from time to time pursuant to an annual “Fee Schedule” and shall constitute the rate in effect until such schedule is amended or repealed. The initial Fee Schedule is set forth in **Exhibit A**, attached hereto and incorporated herein by this reference. The Operations Fee shall consist of a recurring payment (the “**Recurring Payment**”) and a separate payment imposed on transfers of a Residential Unit (the “**Transfer Payment**”), which together shall comprise the Operations Fee.

b. The Transfer Payment shall be imposed on all Transfers of a Residential Unit to an End User. The Transfer Payment shall not apply to any of the following, except to the extent the District determines that such exception is being undertaken for the purpose of improperly avoiding the Operations Fee:

i. Any Transfer wherein the United States, or any agency or instrumentality thereof, the State of Colorado, any county, city and county, municipality, district or other political subdivisions of this State, is either the grantor or the grantee.

ii. Any Transfer by document, decree or agreement partitioning, terminating or evidencing termination of a joint tenancy, tenancy in common or

other co-ownership; however, if additional consideration or value is paid in connection with such partition or termination the Transfer Payment shall apply and be based upon such additional consideration.

iii. Any Transfer of title or change of interest in real property by reason of death, pursuant to a will, the law of descent and distribution, or otherwise.

iv. Any Transfer made and delivered without consideration for the purpose of: confirming, correcting, modifying or supplementing a Transfer previously made; making minor boundary adjustments; removing clouds of title; or granting easements, rights-of-way or licenses.

v. Any decree or order of a court of record quieting, determining or resting title, except for a decree of foreclosure.

vi. Transfers to secure a debt or other obligation, or releases other than by foreclosure, which is security for a debt or other obligation.

vii. Transfers pursuant to a decree or separation of divorce.

c. The Board has determined, and does hereby determine, that the Operations Fee is reasonably related to the overall cost of providing the Facilities and Services, and is imposed on those who are reasonably likely to benefit from or use the Facilities and Services.

d. The revenues generated by the Operations Fee will be accounted for separately from other revenues of the District. The Operations Fee revenue will be used solely for the purpose of paying Operations Costs, and may not be used by the District to pay for general administrative costs of the District.

3. LATE FEES AND INTEREST. Pursuant to § 29-1-1102(3), C.R.S., any Operations Fee not paid in full within fifteen (15) days after the scheduled due date will be assessed a late fee in the amount of Fifteen Dollars (\$15.00) or up to five percent (5%) per month, or fraction thereof, not to exceed a total of twenty-five percent (25%) of the amount due. Interest will also accrue on any outstanding Operations Fees, exclusive of assessed late fees, penalties, interest and any other costs of collection, specially including, but not limited, to attorney fees, at the rate of 18% per annum, pursuant to § 29-1-1102(7), C.R.S. The District may institute such remedies and collection procedures as authorized under Colorado law, including, but not limited to, foreclosure of its perpetual lien. The defaulting property owner shall pay all fees and costs, specifically including, but not limited to, attorneys' fees and costs and costs associated with the collection of delinquent fees, incurred by the District and/or its consultants in connection with the foregoing.

4. PAYMENT. Payment for all fees, rates, tolls, penalties, charges, interest and attorney fees shall be made by check or equivalent form acceptable to the District, made payable to "Hance Ranch Metropolitan District" and sent to the address indicated on the Fee Schedule.

The District may change the payment address from time and time and such change shall not require an amendment to this Resolution.

5. LIEN. The fees imposed hereunder, together with any and all late fees, interest, penalties and costs of collection, shall, until paid, constitute a statutory, perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanic's liens, pursuant to § 32-1-1001(1)(j)(I), C.R.S. Said lien may be foreclosed at such time as the District, in its sole discretion, may determine. The lien shall be perpetual in nature (as defined by the laws of the State of Colorado) on the property and shall run with the land. This Resolution shall be recorded in the offices of the Clerk and Recorder of Jefferson County, Colorado.

6. SEVERABILITY. If any portion of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this Resolution, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

7. THE PROPERTY. This Resolution shall apply to all property within the District's boundaries, including, but not limited to, the property set forth in **Exhibit B**, attached hereto and incorporated herein by this reference, and any additional property included into the District after the date of this Resolution.

8. EFFECTIVE DATE. This Resolution shall become effective March 26, 2021.

[Remainder of Page Intentionally Left Blank. Signature Page to Follow.]

ADOPTED this 26th day of March, 2021.

HANCE RANCH METROPOLITAN DISTRICT, a
quasi-municipal corporation and political
subdivision of the State of Colorado



Matt Cavanaugh (Mar 26, 2021 11:25 MDT)

Officer of the District

ATTEST:



Guillaume Pouchot (Mar 26, 2021 10:25 MDT)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys At Law



General Counsel to the District

*Signature page to Second Amended and Restated Resolution Concerning the Imposition of an
Operations Fee*

EXHIBIT A

HANCE RANCH METROPOLITAN DISTRICT

Schedule of Fees

Effective March 26, 2021

| Schedule of Fees | | |
|--|------------------------|--------------------|
| Fee Type | Classifications | Rate |
| Operations Fee – Recurring Payment | | |
| | Residential Unit | \$85.00/month |
| | | |
| | | |
| The Due Date for each Operations fee is the 10 th day of each month. | | |
| Operations Fee – Payment Due Upon a Transfer | | |
| | Residential Unit | \$600 per Transfer |
| | | |
| | | |
| The Due Date for each Operations Fee—Payment Due Upon Transfer is the date upon which the Transfer occurs. | | |


PAYMENTS: Payment for each fee shall be made payable to the Hance Ranch Metropolitan District and sent to the following address for receipt by the Due Date:

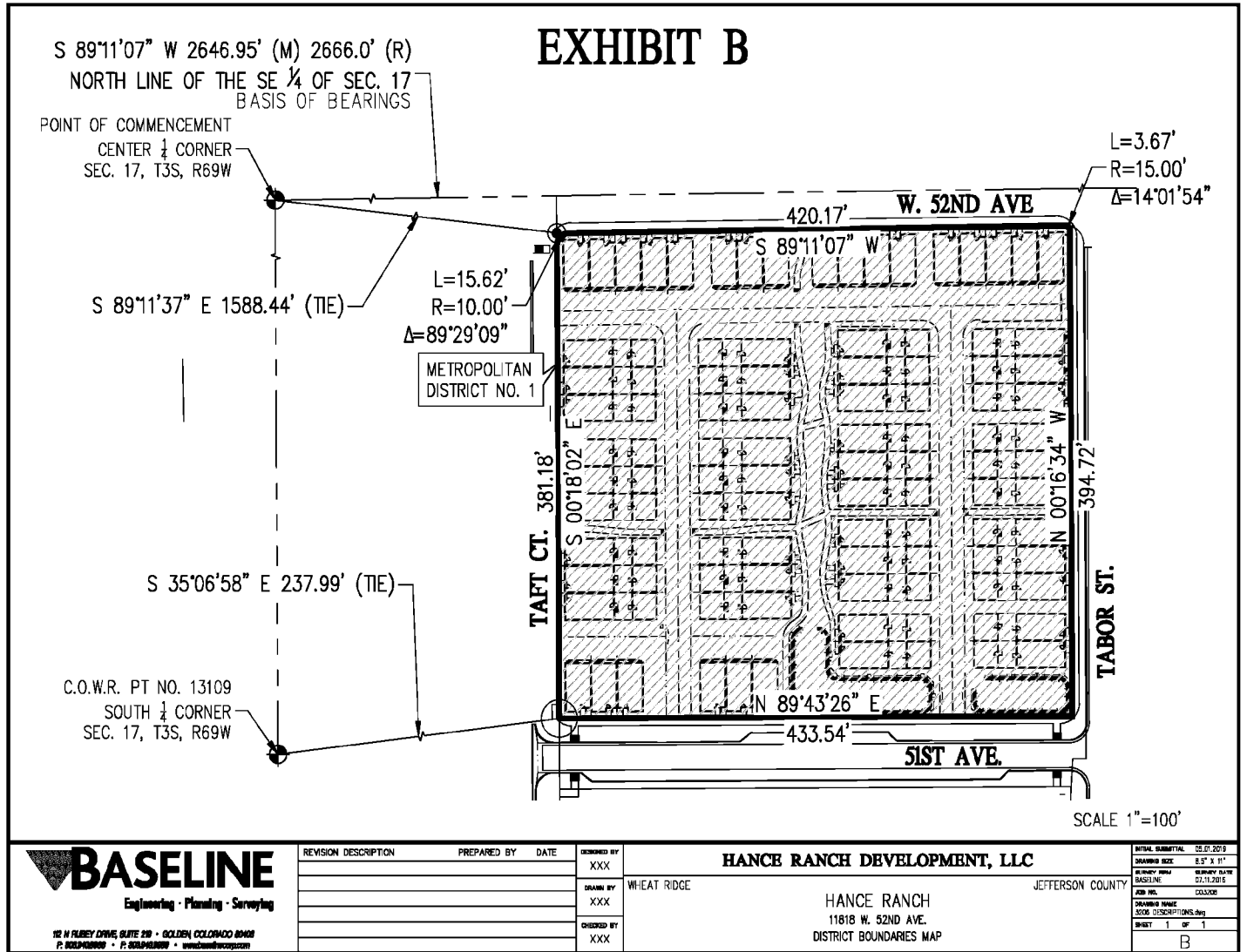
Hance Ranch Metropolitan District
c/o CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 300
Greenwood Village, CO 80111

EXHIBIT B

HANCE RANCH METROPOLITAN DISTRICT

District Boundaries

| | | | | | | | | | |
|---|----------|-------------|-------------|------|------------|------|-------------------------------------|-------------------|---|
|  <p>BASELINE Engineering • Planning • Surveying</p> <p>1614 N. HUNTER DRIVE, SUITE 200 • COLEBURN, COLORADO 80606 P: 303.440.9999 • F: 303.440.9998 • J. JEFFREY@BASELINECO.COM</p> | REVISION | DESCRIPTION | PREPARED BY | DATE | CHECKED BY | DATE | HANCE RANCH DEVELOPMENT, LLC | | INITIAL SUBMITTAL: 02/01/2019 DRAWING SIZE: 8 1/2" x 11" SECURITY FIRM: SECURITY DAY BASIC LINE: 07/11/2019 JOB NO.: 003006 |
| | | | | | XXX | | WHEAT RIDGE | HANCE RANCH | JEFFERSON COUNTY |
| | | | | | XXX | | | 1818 W. 52ND AVE. | |
| | | | | | XXX | | | LEGAL DESCRIPTION | |
| | | | | | | | | | DRAWING NAME: 3006 DESCRIPTION.dwg SHEET: 1 of 1 A |



BASELINE
Engineering • Planning • Surveying

100 N FLORISS DRIVE, SUITE 210 • GOLDEN, COLORADO 80401
P: 303.440.0000 • F: 303.440.0000 • www.baselineinc.com

| REVISION DESCRIPTION | PREPARED BY | DATE |
|----------------------|-------------|------|
| | XXX | |
| | XXX | |
| | XXX | |
| | XXX | |

HANCE RANCH DEVELOPMENT, LLC

DESIGNED BY
XXX

DRAWN BY
XXX

CHECKED BY
XXX

HANCE RANCH
11818 W. 52ND AVE.
DISTRICT BOUNDARIES MAP

JEFFERSON COUNTY

| | |
|-------------------|-----------------------|
| INITIAL SUBMITTAL | 05.07.2019 |
| DRAWING SIZE | 8.5" X 11" |
| REVISION NO. | 01.11.2019 |
| DATE | 01.11.2019 |
| JOB NO. | 000000 |
| DRAWING NAME | 3206 DESCRIPTIONS.dwg |
| SHEET | 1 OF 1 |
| | B |