

**REATA SOUTH METROPOLITAN DISTRICT**  
**COUNTY OF DOUGLAS, COLORADO**  
**2024 ANNUAL REPORT**

Board of County Commissioners  
Douglas, Colorado  
*via Email*

County Clerk and Recorder  
Douglas, Colorado  
*via Email*

Office of the State Auditor,  
1525 Sherman Street, 7th Floor  
Denver, Colorado 80203  
*via E-Filing Portal*

Division of Local Government,  
1313 Sherman Street, Room 521  
Denver, Colorado 80203  
*via E-Filing Portal*

The following information and documents (attached as exhibits) are provided for calendar year 2024 pursuant to Section 32-1-207(3)(c)(I), C.R.S., and Section VII(3) of the Service Plan of Reata South Metropolitan District (the “**District**”) which was approved by the Board of County Commissioners of Douglas County (the “**County**”) and filed with the District Court and County Clerk:

**1. Boundary changes made:**

No boundary changes were made in 2024, and no boundary changes are anticipated in 2025.

**2. Intergovernmental agreements proposed, entered into, or terminated:**

Existing:

- Colorado Special Districts Property and Liability Pool. Intergovernmental Agreement dated February 9, 2006 setting forth rights and obligations of membership in governmental insurance pool. Term: until terminated.
- Denver Southeast Suburban Water and Sanitation District. Intergovernmental Agreement dated September 13, 2006 establishing cost-sharing, payment procedures, service and other matters related to planning, construction, operation and financing of sanitary sewer facilities within the District. Term: until terminated by agreement of the parties.
- Denver Southeast Suburban Water and Sanitation District. Developer Service Agreement dated December 28, 2000. Term: none stated. This Agreement provides for water and sewer service within the District. The District is not a party to this Agreement which was made between the developer and Denver Southeast Suburban Water and Sanitation District prior to the District’s organization.

- Denver Southeast Suburban Water and Sanitation District. Intergovernmental Agreement dated December 12, 2012 establishing a water augmentation program to install and maintain three permanent monitoring wells on District open space. Term: until terminated by agreement of the parties.
- Douglas County Board of County Commissioners and Colorado Golf Club, LLC. Subdivision Improvement Agreement and Intergovernmental Agreement for Reata South Private Roads (“**County IGA**”) entered into in 2008. Term: The County IGA is terminated pursuant to the Termination of Subdivision Improvement Agreement and Intergovernmental Agreement for Reata South Filing No. 1 dated November 10, 2015.

There are no Intergovernmental Agreements currently proposed or to be terminated.

**3. Contracts for operations, debt, and other contractual obligations with sub districts or operating and taxing sister districts:**

None.

**4. Reimbursement Agreements with developers and/or builders for advances to fund capital costs and administrative/operational and maintenance costs of the District:**

- Facility Fee Agreement dated December 14, 2006 with CGC obligating lot owners to pay facility fees to fund the costs of constructing and financing water and sanitation facilities (note: the facility fee is not an “advance” but is included for general information).
- Facility Fee Agreement dated August 21, 2007 with CGC Operations, LLC obligating CGC Operations, LLC to pay facility fees to fund the costs of constructing and financing water and sanitation facilities for the “Commercial Property,” as defined in such Facility Fee Agreement (note: the facility fee is not an “advance” but is included for general information).

**5. Access information to obtain a copy of the Rules and Regulations:**

The District’s Road Regulations and the Betts Lake Policies and Procedures are currently being revised and will be posted on the District’s website once approved by the Board of Directors: <https://www.reatasouthmetrodistrict.com/>

**6. A summary of any litigation involving public improvements by the District:**

There is no known current or pending litigation involving the District’s public improvements.

**7. Indicate estimated year of build-out per Service Plan; compare to any revisions:**

The Service Plan estimated build-out in 2014; build-out is currently unknown because of market conditions. As of December 31, 2024, all lots had been conveyed by the original developer. This includes the original 170 lots (including Betts Lake lots), the nine new lots along Preservation Trail, one new custom lot along Forest Keep, and the thirty-three Village lots.

**8. List services provided with beginning date compared to date authorized by Service Plan or stated provision date in Service Plan:**

Section III(C) of the Service Plan provides that all public improvements are expected to be completed and acquired by the District before the end of 2006. Please see the 2009 Annual Report for Activities Completed in 2008 Fiscal Year (“**2009 Annual Report**”) for a description of the public improvements, including the status of the park and recreation improvements. As of December 31, 2024, no other public improvements were anticipated.

By December 31, 2006, the District had commenced provision of the following services: water, sanitary sewer, storm drainage, streets and security services.

**9. List changes to Service Plan: when authorized; when implemented or expected to be implemented:**

There have been no changes to the Service Plan, and the Board of Directors does not plan to make any changes at the present time.

**10. List facilities to be acquired or constructed or leased back per Service Plan; compare to completed facilities with date of completion, date of operation:**

See response to item 8.

**11. List facilities not completed; indicate why; indicate revised schedule, if any:**

See response to item 8.

**12. List of facilities or improvements constructed by the District that were conveyed to the Town of Parker:**

See response to item 8.

**13. List facilities under construction with percentage complete and anticipated date of completion:**

See response to item 8.

**14. Indicate population for previous 5 years plus projected 5 years:**

<u>Previous 5 Years</u> Approximately 150 +/-	<u>Projected 5 Years</u> Approximately 350 +/-
--	---

**15. List planned number of housing units by type, the number of commercial and industrial properties with respective square footage, and compare to completed respective units and completed commercial and industrial properties:**

134 single-family custom homes, 35 lifestyle dwelling units, 1 estate home and 1,352 acres of non-residential uses, including 18-hole golf course, clubhouse (40,000 square feet) and pool, roadways drainage, open space, trails, recreational facilities and other infrastructure. As of December 31, 2024, 110 residential units and 30 Lifestyle Homes have been completed, and the golf clubhouse and pool has been completed. 33 Village homes and ten additional single-family custom homes were added to the community. The 2009 Annual Report sets forth the state of completion of other facilities.

**16. List any enterprises created by and/or operated by or on behalf of the District, and summarize the purpose of each:**

None.

**17. Final Assessed Value of Taxable Property within the District's boundaries for current year and for each of seven years prior to current budget/fiscal year:**

<b>Year</b>	<b>Assessed Valuation</b>
<b>2018</b>	\$13,063,460
<b>2019</b>	\$14,312,600
<b>2020</b>	\$22,372,410
<b>2021</b>	\$23,756,390
<b>2022</b>	\$27,264,750
<b>2023</b>	\$28,899,210
<b>2024</b>	\$34,483,760
<b>2025</b>	\$37,107,970

**18. For each year, compare the certified assessed value with the Service Plan estimate for that year (if provided in Plan):**

<b>Year</b>	<b>Assessed Valuation</b>	<b>Service Plan Estimates</b>
<b>2018</b>	\$13,063,460	\$31,046,380
<b>2019</b>	\$14,312,600	\$31,046,380
<b>2020</b>	\$22,372,410	\$31,667,308
<b>2021</b>	\$23,756,390	\$31,667,308
<b>2022</b>	\$27,264,750	\$32,300,654
<b>2023</b>	\$28,899,210	\$32,300,654
<b>2024</b>	\$34,483,760	\$32,946,667
<b>2025</b>	\$37,107,970	\$32,946,667

**19. Estimated Assessed Valuation of District at 100% Build-Out:**

(i) *Provide updated estimate based on current events:*

Not presently known because of market conditions.

(ii) *Compare with Service Plan estimate (if provided in Service Plan):*

The Service Plan estimated 100% build-out in 2014. The estimated assessed valuation at that time was \$28,782,889.

**20. Current annual budget of the District:**

Attached as Exhibit A is a copy of the District's Budget for the current fiscal year 2025.

**21. Report annual mill levy for current year and for each of seven years prior to current year, broken out by purpose: general operations, revenue-based obligations, debt by issue, contractual obligations, other (describe briefly):**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>General operations</b>	5.266	5.291	5.274	5.305	5.321	5.411	5.411	10.000
<b>G.O. Bonds</b>	52.664	52.916	52.743	53.054	53.214	54.124	57.001	40.000
<b>Contractual obligations</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Capital expenditures</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Other</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

**22. For each year, compare the actual mill levy with the Service Plan estimate for that year (if provided in Plan). If Service Plan estimates are not available, indicate the same and report actual mill levies:**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Actual</b>	57.930	58.207	58.017	58.359	58.535	62.535	62.412	50.000
<b>Service Plan Est.</b>	55.000	55.000	55.000	55.000	55.000	55.000	55.000	55.000

**23. Report annual miscellaneous tax revenue for current year and for each of seven years prior to current year, broken out by purpose: general operations, revenue-based obligations, debt by issue, contractual obligations, other (describe briefly):**

**2018:** \$836,795 (operations, debt, specific ownership)  
**2019:** \$830,571 (operations, debt, specific ownership)  
**2020:** \$1,407,158 (operations, debt, specific ownership)  
**2021:** \$1,515,795 (operations, debt, specific ownership)  
**2022:** \$1,737,072 (operations, debt, specific ownership)  
**2023:** \$1,853,714 (operations, debt, specific ownership)  
**2024\*** \$2,152,201 (operations, debt, specific ownership)  
**2025\*** \$1,855,399 (operations, debt, specific ownership)

*\*unaudited*

**24. For each year, compare the actual miscellaneous tax revenue with the Service Plan estimate for that year (if provided in Service Plan). If Service Plan estimates are not available, indicate the same and report actual taxes:**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Actual</b>	\$830,571	\$1,407,158	\$1,515,795	\$1,737,072	\$1,853,714	\$2,152,201	\$1,855,399
<b>Service Plan Est.**</b>	\$1,511,537	\$1,541,767	\$1,541,767	\$1,572,602	\$1,572,602	\$1,604,005	\$1,604,005

*\*unaudited*

*\*\*Service Plan estimates set forth debt service tax collections but not general operations collections.*

**25. Most recently filed audited financial statements of the District. To the extent audited financial statements are required by state law or most recently filed audit exemption:**

Attached as Exhibit B is a copy of the District's Audited Financial Statements for 2024.

**26. Detail issued debt (individual issuances with schedule of service until retired):**

The District issued its Series 2018 Limited Tax General Obligation Refunding Bonds (“Series 2018 Bonds”) in the par amount of \$19,330,000 in March 2018 for the purpose of refunding in full its Series 2007A Limited Tax General Obligation Bonds (“Series 2007A Bonds”) at a lower interest rate. The Series 2018 Bonds are scheduled to be paid in full in December 2047.

**27. Detail individually authorized but unissued debt (include election issue name and date):**

The District's eligible electors have authorized indebtedness as set forth in Exhibit C of the 2009 Annual Report. The Service Plan currently limits debt to \$19,350,000.

**28. Compare debt issuance and currently outstanding debt to the maximum authorized debt level as stipulated in the Service Plan:**

Debt issued: \$19,350,000; current maximum authorized debt: \$19,350,000.

**29. Summarize the history of debt issuance, including refunding and refinancing of debt:**

The District issued its Series 2007A Bonds in the principal amount of \$19,350,000 with a maturity date of thirty (30) years in August 2007. The District refunded the 2007A Bonds in full in March 2018 by issuance of the Series 2018 Bonds. See response in item VI.B.

**30. Estimated Amount of Additional General Obligation Debt to be Issued by District between End of Current Year and 100% Build-Out:**

N/A.

**31. Notice of any uncured defaults:**

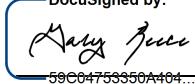
None.

**32. The District's inability to pay any financial obligations as they come due under any obligation which continues beyond a ninety-day period:**

None.

Respectfully submitted this 24<sup>th</sup> day of June, 2025.

REATA SOUTH METROPOLITAN DISTRICT

DocuSigned by:  
By:   
Chair

Attest:

DocuSigned by:  
  
Charlene Sloan  
DB7DA8A243064C6...  
Assistant Secretary

**EXHIBIT A**

2025 Budget

**REATA SOUTH METROPOLITAN DISTRICT  
2025  
BUDGET MESSAGE**

Attached please find a copy of the adopted 2025 budget for Reata South Metropolitan District.

Reata South Metropolitan District has adopted a budget for three separate funds, a General Fund to provide for the payment of operating and maintenance expenditures; a Capital Projects Fund to provide for estimated infrastructure costs that are to be built for the benefit of the district; and a Debt Service Fund to provide for payments on the outstanding general obligation bonds.

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

The primary sources of revenue for the district in 2025 will be interest income, operating service fees, and property taxes from the imposition of a 50.000 mill levy on property within the district for 2025, of which 10.000 mills will be dedicated to the General Fund and the balance of 40.000 mills will be allocated to the Debt Service Fund.

**Reata South Metropolitan District**  
**Adopted Budget**  
**General Fund**  
**For the Year Ended December 31, 2025**

	Actual 2023	Adopted Budget 2024	Actual 06/30/24	Estimated 2024	Adopted Budget 2025
Beginning fund balance	\$ 2,675,352	\$ 2,760,198	\$ 2,825,537	\$ 2,825,537	\$ 2,887,657
<b>District Revenues:</b>					
Property taxes	153,979	186,592	172,814	172,814	371,080
Specific ownership taxes	14,501	11,261	6,901	11,291	22,265
Interest Income	178,265	100,000	87,104	174,208	112,500
Operating service fee	752,993	789,700	394,966	789,700	789,700
Sale of open space land	85,000	-	-	-	-
Miscellaneous income	121	500	845	845	500
<b>Total Revenues</b>	<b>1,184,859</b>	<b>1,088,053</b>	<b>662,630</b>	<b>1,148,858</b>	<b>1,296,045</b>
<b>Total Funds Available</b>	<b>3,860,211</b>	<b>3,848,251</b>	<b>3,488,167</b>	<b>3,974,395</b>	<b>4,183,702</b>
<b>Expenditures:</b>					
Accounting	27,423	26,000	16,458	32,916	26,000
Audit	8,000	8,500	8,500	8,500	6,500
Election expenses	769	-	-	-	20,000
Legal	45,027	30,000	11,959	23,918	30,000
Legal - Special projects	-	15,000	-	15,000	15,000
Security Personnel	321,006	323,957	154,548	323,957	377,000
District manager	103,244	104,946	53,914	106,446	109,819
Employee benefits	-	-	-	-	4,800
Payroll taxes	36,141	32,811	17,233	32,811	37,242
Payroll processing fee	7,752	8,000	3,822	7,644	8,000
Workers' comp insurance	16,040	12,167	16,472	16,472	15,308
Security equip/supplies	12,466	13,300	3,440	11,800	13,300
Access control operating system	24,802	24,600	10,430	20,860	25,755
Vehicle expense payments	7,425	10,130	3,713	10,130	7,700
Fuel/repair/equip	9,067	9,000	6,085	12,170	5,700
Building maintenance	6,426	8,000	6,140	8,000	6,000
Landscape maintenance - entries	20,893	29,300	19,022	29,300	35,000
Insurance (incl: vehicles)	11,827	16,000	17,955	17,955	19,886
Office expense	3,469	5,500	3,127	6,254	5,600
Website	1,366	2,400	403	806	2,400
Utilities - electric	10,732	11,500	5,728	11,456	12,100
Utilities - locates	2,839	-	4	8	-
Utilities - cell phone	2,178	2,200	1,100	2,200	2,300
Utilities - irrigation water	8,491	10,000	861	1,722	12,000
Gate repair & maintenance	10,390	15,000	3,980	7,960	15,000
Monument maintenance	6,501	6,500	1,508	3,016	6,500
Miscellaneous	4,776	1,000	411	822	1,000
Fence repair & replacement	5,096	5,000	-	5,000	5,000
Pest control	84,324	58,400	63,201	63,201	75,000
Landscape improvements	4,313	5,000	615	5,000	10,000
Weed control:					
Mowing	12,680	16,500	6,270	16,500	11,000
Spraying	8,708	8,000	6,621	8,000	8,000
Sidewalk repair & maintenance	25,229	10,000	10,162	10,162	13,600
Curb, gutter and pavers repair	2,100	5,000	1,100	5,000	12,000
Lake erosion project	13,758	-	-	-	-
Streets-sweeping & maintenance	43,191	55,000	49,100	55,000	20,500
Streets-snow removal	41,735	35,000	40,828	61,242	50,000
Storm Drain Maintenance	11,221	10,000	4,943	9,000	10,000
Trail maintenance	5,000	15,000	410	5,000	15,000
Lake maintenance	25,062	28,000	17,801	28,000	28,000
Memberships-Special Districts Pool	899	1,000	917	917	1,000
Treasurer fees	2,318	2,800	2,593	2,593	5,566
<b>Sub-Total Expenditures</b>	<b>994,684</b>	<b>980,511</b>	<b>571,374</b>	<b>986,738</b>	<b>1,084,576</b>
Contingency	-	312,097	-	-	308,348
Transfer to Capital Fund	39,990	100,000	43,290	100,000	1,350,000
Emergency reserve	-	29,331	-	-	32,370
<b>Total Expenditures</b>	<b>1,034,674</b>	<b>1,421,939</b>	<b>614,664</b>	<b>1,086,738</b>	<b>2,775,294</b>
<b>Ending Fund Balance</b>	<b>\$ 2,825,537</b>	<b>\$ 2,426,311</b>	<b>\$ 2,873,503</b>	<b>\$ 2,887,657</b>	<b>\$ 1,408,408</b>
Maintenance Reserve		<b>\$ 2,426,311</b>			<b>\$ 1,408,408</b>
Assessed Valuation		<b>\$ 34,483,760</b>			<b>\$ 37,107,970</b>
Mill Levy		<b>5.411</b>			<b>10.000</b>

**Reata South Metropolitan District**  
**Adopted Budget**  
**Capital Projects Fund**

	Actual 2023	Adopted Budget 2024	Actual 06/30/24	Estimated 2024	Adopted Budget 2025
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Transfer from General Service Fund	39,990	100,000	43,290	100,000	1,350,000
Total Revenues	39,990	100,000	43,290	100,000	1,350,000
Total Funds Available	39,990	100,000	43,290	100,000	1,350,000
Expenditures:					
Capital Expenditures	39,990	100,000	43,290	100,000	1,350,000
Total Expenditures	39,990	100,000	43,290	100,000	1,350,000
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -

**Reata South Metropolitan District**  
**Adopted Budget**  
**Debt Service Fund**

	Actual 2023	Adopted Budget 2024	Actual 06/30/24	Estimated 2024	Adopted Budget 2025
Beginning fund balance	\$ 2,646,750	\$ 3,293,581	\$ 3,384,547	\$ 3,384,547	\$ 4,414,597
Revenues:					
Property taxes	1,540,184	1,965,609	1,820,475	1,820,475	1,484,319
Specific ownership taxes	145,050	118,586	72,702	118,586	89,708
Facility fees	2,000	-	-	-	-
Interest income	132,617	120,000	92,921	185,842	150,000
Total Revenues	1,819,851	2,204,195	1,986,098	2,124,903	1,724,027
Total Funds Available	4,466,601	5,497,776	5,370,645	5,509,450	6,138,624
Expenditures:					
Series 2018-interest	1,055,369	1,055,369	527,684	1,055,369	1,055,369
Paying agent/Trustee fees	3,500	10,000	3,500	10,000	10,000
County Treasurer fees	23,185	29,484	27,320	29,484	22,265
Total Expenditures	1,082,054	1,094,853	558,504	1,094,853	1,087,634
Ending Fund Balance	\$ 3,384,547	\$ 4,402,923	\$ 4,812,141	\$ 4,414,597	\$ 5,050,990
Assessed valuation		\$ 34,483,760			\$ 37,107,970
Mill Levy		57.001			40.000
		62.412			50.000

**EXHIBIT B**

December 31, 2024 Audited Financial Statements

Reata South Metropolitan District

Financial Statements

Year Ended December 31, 2024

with

Independent Auditors' Report

## CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	i
<u>Management's Discussion and Analysis</u>	iv - vii
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	21
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Capital Projects Fund	22
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	23



FLYNN CPA, LLC

[Bill@flynn-cpa.com](mailto:Bill@flynn-cpa.com)

(303) 970-9698

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
 Reata South Metropolitan District  
 Douglas County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Reata South Metropolitan District (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2024, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

### Supplemental Information

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

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is fluid and cursive, with "Flynn" on top, "CPA" in the middle, and "LLC" at the bottom. A blue horizontal line is drawn underneath the signature.

Castle Pines, Colorado  
June 4, 2025

**Reata South Metropolitan District**  
**Unincorporated Douglas County, Colorado**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2024**

As management of the Reata South Metropolitan District, unincorporated Douglas County, Colorado (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Reata South Metropolitan District was established in 2005 as a special district proposed to serve the needs of a residential planned development in unincorporated Douglas County, Colorado, generally known as the Colorado Golf Club or Reata South Planned Development (the Development). The District remained inactive for all intents and purposes until 2007 when the infrastructure of the Development was conveyed to the District and general obligation bonds were issued to pay for a portion of the improvements that were transferred to the District.

Accordingly, the activity presented in these financial statements represents all material activity for the District since its inception in 2005.

### **Financial Highlights**

- The liabilities and deferred inflows of resources of the District exceeded its assets at the close of the most recent fiscal year by \$33,020,358 (net position deficit). Of total assets, \$12,350,189 was capital assets (net of accumulated depreciation) of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.
- The District's cash increased by \$1,309,562 during 2024 primarily due to an increase in property taxes and interest income. Overall, the District's total net position decreased by \$615,417 primarily due to an increase in expenses in 2024. It should be noted that the District recognized depreciation expense (a non-cash expense) in the amount of \$856,731 during 2024. Excluding the charge for depreciation expense, net position increased by \$241,314.

### **Overview of the Financial Statements**

This discussion and analysis report is intended to serve as an introduction to the District's basic financial statements. The District's governmental-type fund financial statements are comprised of three components: 1) basic financial statements, 2) notes to the financial statements and 3) required supplementary information that provides comparisons of budget to actual on the US GAAP (Generally Accepted Accounting Principles in the United States of America) budgetary basis.

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

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows or resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements present activities that are intended to recover all or a significant portion of their costs through property and specific ownership taxes, and fees. The government-wide financial statements can be found on pages 1 through 2 of the financial statements.

**Notes to the financial statements** - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by \$33,020,358 at the close of the most recent fiscal year.

By far the largest portion of the District's net position is invested in capital assets, less, any related debt used to acquire those assets is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### District Net Position

	<u>12/31/2024</u>	<u>12/31/2023</u>
Current assets	\$ 4,803,616	\$ 4,996,066
Restricted assets	4,624,433	3,404,497
Capital assets, net of accumulated depreciation	<u>12,350,189</u>	<u>13,116,303</u>
Total assets	<u>21,778,238</u>	<u>21,516,866</u>
Long-term obligations:		
General Obligation Bonds	19,415,107	19,420,414
Funding Agreement	12,266,051	12,266,051
Letter of Credit Draw	2,925,530	2,925,530
Accrued interest payable	18,276,445	17,119,332
Other liabilities	<u>60,064</u>	<u>38,278</u>
Total liabilities	<u>52,943,197</u>	<u>51,769,605</u>
Deferred property tax revenue	<u>1,855,399</u>	<u>2,152,201</u>
Total deferred inflows	1,855,399	2,152,201
Invested in capital assets	(18,786,806)	(18,025,999)
Restricted	32,370	29,331
Unrestricted	<u>(14,265,922)</u>	<u>(14,408,272)</u>
Total net position (deficit)	<u>\$ (33,020,358)</u>	<u>\$ (32,404,940)</u>

### Change in the District's Net Position

	<u>Year Ended</u> <u>December 31,</u> <u>2024</u>	<u>Year Ended</u> <u>December 31,</u> <u>2023</u>
User charges:		
Facility Fees	\$ -	\$ 2,000
Property and specific ownership taxes	2,317,205	1,853,714
Operating service fee	790,331	752,993
Other	<u>379,407</u>	<u>311,003</u>
Total revenues	<u>3,486,943</u>	<u>2,919,710</u>
Expenses		
Operating	1,891,686	1,862,063
Debt service	<u>2,210,674</u>	<u>2,207,513</u>
Total expenses	<u>4,102,360</u>	<u>4,069,576</u>
Other Financing Sources (Uses)	- -	85,000
Decrease (increase) in net position	(615,417)	(1,064,866)
Net position – beginning of year	<u>(32,404,940)</u>	<u>(31,340,074)</u>
Net position – end of year	<u>\$ (33,020,358)</u>	<u>\$ (32,404,940)</u>

### ***Capital Asset and Debt Administration***

**Capital assets** – The District's investment in capital assets for its government-type activities as of December 31, 2024, is \$12,350,189 (net of accumulated depreciation). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements, and vehicles. In 2024, the District purchased new gate security arms, new stop signs and new well lights. All of which are being depreciated.

### **District Capital Assets**

	<u>12/31/2024</u>	<u>12/31/2023</u>
Land	\$ 42,610	\$ 42,610
Streets, equipment and vehicles	12,228,672	13,072,034
Landscape improvements	<u>78,907</u>	<u>1,659</u>
Total	<u>\$ 12,350,189</u>	<u>\$ 13,116,303</u>

**Long-term debt** – In 2018, the District refunded the Series 2007A Bonds for the General Obligation Refunding Bonds Series 2018. This lowered the interest rates to between 5.375% and 5.500% from the rate of 7.250% paid on the Series 2007A Bonds. At the end of the current fiscal year, the District had general obligation debt outstanding for construction of the Development infrastructure in the amount of \$19,330,000 which matures December 1, 2047. The total amount due on the Debt Service Guaranty Agreement is \$2,925,530 and accrued interest of \$1,500,949. The District also had a funding agreement with the developer comprised of \$12,266,051 in principal and accrued interest totaling \$16,687,549. Additional information on the District's long-term debt can be found in Note 4 of the audit footnotes.

### ***Board of Directors Emphasis for the 2024 and 2025 budget years***

The District concentrated on implementing policies and procedures necessary to provide expected services to the Development. The District's infrastructure was substantially completed in prior years.

In developing the budget for the 2025 fiscal year, the District is imposing a 40.000 mill levy to service the bond debt and a 10.000 mill levy to pay a portion of the operating expenses. An operating service fee on each property will be assessed to cover expenditures in excess of the mill levy. The proposed operating service fees in the 2025 budget are \$789,700 and tax revenues are budgeted to be \$371,080 for operations and \$1,484,319 for debt service. Operating expenses are budgeted to be \$1,084,576 and \$32,370 for an emergency reserve. Interest on the Series 2018 Bonds is budgeted to be \$1,055,369. The principal payments on the Series 2018 Bonds do not commence until December 1, 2026. The General Fund ending fund balance reflects a budgeted amount \$1,408,408 as of December 31, 2025, reserved for future infrastructure maintenance and/or replacement. In 2024, the Debt Service Fund met the maximum requirement of the surplus fund of the Series 2018 Bonds. Regarding the Capital Projects Fund, the District has budgeted \$1,350,000 for capital expenditures. This will be funded by a transfer of \$1,350,000 from the General Fund.

### ***Factors Affecting Financial Condition***

Home construction activity has been robust in the Reata South Metro District, resulting in an increase in the assessed valuation from the construction and completion of many new residential units within the boundaries of the District. That, along with the Refinanced Series 2018 Bonds, which lowered the interest rate to 5.375 – 5.5%, over a 2% decrease in the interest rate, has enhanced the District's ability to meet the scheduled repayment of the 2018 Bonds. In 2025, the District is budgeted to show a positive net income minus expense in the Debt Service Fund, thus increasing the Year End fund balance. The Developer Guaranty, which the District was required to draw on previously to meet Bond repayment obligations, has been terminated as a result of the refinancing of the Bonds. Principal and interest as shown on the Balance Sheet are still obligations of the District.

### ***Steps taken by the Board to Increase Forecasted Revenues***

On September 23, 2014, the District entered into a Purchase and Sale Agreement with Betts Lake, LLC (the "Buyer"). The Buyer agreed to purchase approximately 38 acres of the District's Open Space area. The resulting increased density has benefited the District from both the agreed upon proceeds from the sale of additional lots platted in this area and the increase in assessed valuation, resulting in increased tax revenue. The rezoning of this area was approved by Douglas County in 2020, designating two segments: (i) nine (9) custom lots along the north side of Preservation Trail; and (ii) the Village area, which includes 33 patio homes and 1 additional custom lot. The Village area is west of the intersection of Preservation Trail and Forest Keep Circle. The County approved the final plat of the nine custom lots in April 2021 and infrastructure construction began in September 2021. The final plat for the Village area was presented to the County at the end of 2021 and was approved in 2022. The last custom lot was sold in 2023.

### ***Requests for Information***

**This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:**

District Accountant – Reata South Metropolitan District  
Simmons & Wheeler P.C.  
304 Inverness Way South, Suite 490  
Englewood, CO 80112

## Reata South Metropolitan District

## BALANCE SHEET/STATEMENT OF NET POSITION (DEFICIT)

## GOVERNMENTAL FUNDS

December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 2,872,636	\$ -	\$ -	\$ 2,872,636	\$ -	\$ 2,872,636
Cash and investments - restricted	32,370	4,592,063	-	4,624,433	-	4,624,433
Accounts receivable:						
Cash with county treasurer	1,253	13,197	-	14,450	-	14,450
Taxes receivable	371,080	1,484,319	-	1,855,399	-	1,855,399
Operating service fees	24,687	-	-	24,687	-	24,687
Other	1,250	-	-	1,250	-	1,250
Prepaid expenses	35,194	-	-	35,194	-	35,194
Capital assets not being depreciated	-	-	-	-	42,610	42,610
Capital assets, net of accumulated depreciation	-	-	-	-	12,307,579	12,307,579
<b>Total Assets:</b>	<b><u>\$ 3,338,470</u></b>	<b><u>\$ 6,089,579</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,428,049</u></b>	<b><u>12,350,189</u></b>	<b><u>21,778,238</u></b>
<b>LIABILITIES</b>						
Accounts payable	60,064	\$ -	\$ -	\$ 60,064	-	60,064
Accrued interest	-	-	-	-	18,276,445	18,276,445
Long-term liabilities:						
Due in more than one year	-	-	-	-	34,606,688	34,606,688
<b>Total Liabilities</b>	<b><u>60,064</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>60,064</u></b>	<b><u>52,883,133</u></b>	<b><u>52,943,197</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenue	371,080	1,484,319	-	1,855,399	-	1,855,399
<b>Total Deferred Inflows of Resources</b>	<b><u>371,080</u></b>	<b><u>1,484,319</u></b>	<b><u>-</u></b>	<b><u>1,855,399</u></b>	<b><u>-</u></b>	<b><u>1,855,399</u></b>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Nonspendable:						
Prepays	35,194	-	-	35,194	(35,194)	-
Restricted:						
Emergencies	32,370	-	-	32,370	(32,370)	-
Debt service	-	4,605,260	-	4,605,260	(4,605,260)	-
Assigned:						
Maintenance reserve	2,426,311	-	-	2,426,311	(2,426,311)	-
Unassigned	<u>413,451</u>	<u>-</u>	<u>-</u>	<u>413,451</u>	<u>(413,451)</u>	<u>-</u>
<b>Total Fund Balances</b>	<b><u>2,907,326</u></b>	<b><u>4,605,260</u></b>	<b><u>-</u></b>	<b><u>7,512,586</u></b>	<b><u>(7,512,586)</u></b>	<b><u>-</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 3,338,470</u></b>	<b><u>\$ 6,089,579</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,428,049</u></b>		
Net Position:						
Net investment in capital assets					(18,786,806)	(18,786,806)
Restricted for:						
Emergencies					32,370	32,370
Unrestricted					<u>(14,265,922)</u>	<u>(14,265,922)</u>
<b>Total Net Position (Deficit)</b>	<b><u>\$ (33,020,358)</u></b>	<b><u>\$ (33,020,358)</u></b>				

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

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

							Statement of Activities
		General	Debt Service	Capital Projects	Total	Adjustments	
<b>EXPENDITURES</b>							
Accounting	\$ 39,205	\$ -	\$ -	\$ 39,205	\$ -	\$ 39,205	
Audit	8,500	-	-	8,500	-	8,500	
Legal	28,672	-	-	28,672	-	28,672	
Legal - Special projects	9,381	-	-	9,381	-	9,381	
Security Personnel	315,114	-	-	315,114	-	315,114	
District manager	107,728	-	-	107,728	-	107,728	
Payroll taxes	36,372	-	-	36,372	-	36,372	
Payroll processing fee	7,481	-	-	7,481	-	7,481	
Workers' comp insurance	16,472	-	-	16,472	-	16,472	
Security equip/supplies	12,973	-	-	12,973	-	12,973	
Access control operating system	21,200	-	-	21,200	-	21,200	
Vehicle expenses	7,501	-	-	7,501	-	7,501	
Fuel/repair/equip	9,527	-	-	9,527	-	9,527	
Building maintenance	7,378	-	-	7,378	-	7,378	
Landscape maintenance - entries	29,181	-	-	29,181	-	29,181	
Insurance (incl: vehicles)	18,273	-	-	18,273	-	18,273	
Office expense	4,732	-	-	4,732	-	4,732	
Website	1,046	-	-	1,046	-	1,046	
Utilities - electric	11,345	-	-	11,345	-	11,345	
Utilities - locates	10	-	-	10	-	10	
Utilities - cell phone	2,032	-	-	2,032	-	2,032	
Utilities - irrigation water	11,475	-	-	11,475	-	11,475	
Gate repair & maintenance	5,730	-	-	5,730	-	5,730	
Monument maintenance	4,548	-	-	4,548	-	4,548	
Miscellaneous	862	-	-	862	-	862	
Fence repair & replacement	5,160	-	-	5,160	-	5,160	
Pest control	63,201	-	-	63,201	-	63,201	
Landscape improvements	4,757	-	-	4,757	-	4,757	
Weed control:							
Mowing	13,270	-	-	13,270	-	13,270	
Spraying	8,554	-	-	8,554	-	8,554	
Sidewalk repair & maintenance	10,162	-	-	10,162	-	10,162	
Curb, gutter and pavers repair	4,100	-	-	4,100	-	4,100	
Streets-sweeping & maintenance	55,026	-	-	55,026	-	55,026	
Streets-snow removal	57,491	-	-	57,491	-	57,491	
Storm Drain Maintenance	9,788	-	-	9,788	-	9,788	
Erosion Control	6,169	-	-	6,169	-	6,169	
Trail maintenance	15,650	-	-	15,650	-	15,650	
Lake maintenance	31,513	-	-	31,513	-	31,513	
Memberships-Special Districts Pool	917	-	-	917	-	917	
Treasurer fees	2,814	29,645	-	32,459	-	32,459	
Interest expense	-	1,055,369	-	1,055,369	1,151,805	2,207,174	
Paying agent fees	-	3,500	-	3,500	-	3,500	
Capital outlay	-	-	90,617	90,617	(90,617)	-	
Depreciation	-	-	-	-	856,731	856,731	
<b>Total Expenditures</b>	<b>1,005,310</b>	<b>1,088,514</b>	<b>90,617</b>	<b>2,184,441</b>	<b>1,917,919</b>	<b>4,102,360</b>	
<b>PROGRAM REVENUES</b>							
Operating service fees	790,331	-	-	790,331	-	790,331	
<b>Total Program Revenues</b>	<b>790,331</b>	<b>-</b>	<b>-</b>	<b>790,331</b>	<b>-</b>	<b>790,331</b>	
<b>Net Program Income (Expenses)</b>	<b>(214,979)</b>	<b>(1,088,514)</b>	<b>(90,617)</b>	<b>(1,394,110)</b>	<b>(1,917,919)</b>	<b>(3,312,029)</b>	
<b>GENERAL REVENUES</b>							
Property taxes	186,921	1,969,077	-	2,155,998	-	2,155,998	
Specific ownership taxes	13,977	147,230	-	161,207	-	161,207	
Interest income	185,417	192,920	-	378,337	-	378,337	
Miscellaneous income	1,070	-	-	1,070	-	1,070	
<b>Total General Revenues</b>	<b>387,385</b>	<b>2,309,227</b>	<b>-</b>	<b>2,696,612</b>	<b>-</b>	<b>2,696,612</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>172,406</b>	<b>1,220,713</b>	<b>(90,617)</b>	<b>1,302,502</b>	<b>(1,917,919)</b>	<b>(615,417)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in/(out)	(90,617)	-	90,617	-	-	-	
<b>Total Other Financing Sources (Uses)</b>	<b>(90,617)</b>	<b>-</b>	<b>90,617</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET CHANGES IN FUND BALANCES</b>	<b>81,789</b>	<b>1,220,713</b>	<b>-</b>	<b>1,302,502</b>	<b>(1,302,502)</b>	<b>-</b>	
<b>CHANGE IN NET POSITION</b>					(615,417)	(615,417)	
<b>FUND BALANCES/NET POSITION (DEFICIT):</b>							
BEGINNING OF YEAR	2,825,537	3,384,547	-	6,210,084	(38,615,024)	(32,404,940)	
END OF YEAR	\$ 2,907,326	\$ 4,605,260	\$ -	\$ 7,512,586	\$ (40,532,944)	\$ (33,020,358)	

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

## Reata South Metropolitan District

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

For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 186,592	\$ 186,921	\$ 329
Specific ownership taxes	11,260	13,977	2,717
Operating service fees	789,700	790,331	631
Interest income	100,000	185,417	85,417
Miscellaneous income	500	1,070	570
<b>Total Revenues</b>	<b>1,088,052</b>	<b>1,177,716</b>	<b>89,664</b>
<b>EXPENDITURES</b>			
Accounting	26,000	39,205	(13,205)
Audit	8,500	8,500	-
Legal	30,000	28,672	1,328
Legal - Special projects	15,000	9,381	5,619
Security Personnel	323,957	315,114	8,843
District manager	104,946	107,728	(2,782)
Payroll taxes	32,811	36,372	(3,561)
Payroll processing fee	8,000	7,481	519
Workers' comp insurance	12,167	16,472	(4,305)
Security equip/supplies	13,300	12,973	327
Access control operating system	24,600	21,200	3,400
Vehicle expenses	10,130	7,501	2,629
Fuel/repair/equip	9,000	9,527	(527)
Building maintenance	8,000	7,378	622
Landscape maintenance - entries	29,300	29,181	119
Insurance (incl: vehicles)	16,000	18,273	(2,273)
Office expense	5,500	4,732	768
Website	2,400	1,046	1,354
Utilities - electric	11,500	11,345	155
Utilities - locates	-	10	(10)
Utilities - cell phone	2,200	2,032	168
Utilities - irrigation water	10,000	11,475	(1,475)
Gate repair & maintenance	15,000	5,730	9,270
Monument maintenance	6,500	4,548	1,952
Miscellaneous	1,000	862	138
Fence repair & replacement	5,000	5,160	(160)
Pest control	58,400	63,201	(4,801)
Landscape improvements	5,000	4,757	243
Weed control:			
Mowing	16,500	13,270	3,230
Spraying	8,000	8,554	(554)
Sidewalk repair & maintenance	10,000	10,162	(162)
Curb, gutter and pavers repair	5,000	4,100	900
Streets-sweeping & maintenance	55,000	55,026	(26)
Streets-snow removal	35,000	57,491	(22,491)
Storm Drain Maintenance	10,000	9,788	212
Erosion Control	-	6,169	(6,169)
Trail maintenance	15,000	15,650	(650)
Lake maintenance	28,000	31,513	(3,513)
Memberships-Special Districts Pool	1,000	917	83
Treasurer fees	2,800	2,814	(14)
Contingency	312,097	-	312,097
Emergency reserves	29,331	-	29,331
<b>Total Expenditures</b>	<b>1,321,939</b>	<b>1,005,310</b>	<b>316,629</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(233,887)</b>	<b>172,406</b>	<b>406,293</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out)	(100,000)	(90,617)	9,383
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>	<b>(90,617)</b>	<b>9,383</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(333,887)</b>	<b>81,789</b>	<b>415,676</b>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	2,760,198	2,825,537	65,339
END OF YEAR	<u>\$ 2,426,311</u>	<u>\$ 2,907,326</u>	<u>\$ 481,015</u>

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

1: Summary of significant accounting policies:

The accounting policies of the Reata South Metropolitan District (the “District”), located in Douglas County, Colorado, (the “County”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in November 2005, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amended GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

The District employs security personnel and a facility manager; all other functions are contracted.

Basis of Presentation

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

The District reports the following governmental funds:

General fund – is the general operating fund of the District. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Debt service fund – accounts for the accumulation of resources for the repayment of long-term debt.

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

Budgetary Accounting

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

Assets, Liabilities, Deferred Inflows/Inflows of Resources and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

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 minimum number of bank accounts. 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.

Estimates

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

Interfund balances

Activities between funds are representative of lending/borrowing arrangements outstanding at the end of the year and are reported as "internal balances" on the Statement of Net Position. Transactions that transfer revenue/expenditures between funds are reported as "transfer to/from other funds" on the Statement of Activities. These amounts are eliminated in the applicable statements.

Property taxes

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

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

Original issue premium

The original issue premium from the Series 2018 Bonds (See Note 4) is being amortized over the term of the bonds using the interest method. Accumulated amortization of the original issue premium amounted to \$35,754 at December 31, 2024.

## Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024Capital assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable, using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	30 years
Landscaping	10 years
Vehicles, equipment, and computer equipment	5 years

Deferred inflows / outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

Fund Equity

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$35,194 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$32,370 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$4,605,260 is restricted for the payment of the debt service costs associated with the Series 2018 Bonds (see Note 4).

Committed Fund Balance

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

Assigned Fund Balance

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

The assigned fund balance in the General Fund of \$2,426,311 represents amounts to be used for infrastructure maintenance and/or replacement.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

Net position

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

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

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

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

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

## Reata South Metropolitan District

Notes to Financial Statements  
December 31, 20242. Cash and investments:

As of December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

## Statement of Net Position:

Cash and investments	\$ 2,872,636
Cash and investments - Restricted	<u>4,624,433</u>
Total	<u>\$ 7,497,069</u>

Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 215,879
Investments - COLOTRUST	4,484,241
Investments - CSAFE	<u>2,796,949</u>
	<u>\$ 7,497,069</u>

Deposits:Custodial Credit Risk

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

Investments:

Investment Valuation

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

As of December 31, 2024, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”), is rated AAAm by Standard & Poor’s for the COLOTRUST Plus+ and the COLOTRUST Prime portfolios and the Edge portfolio is rated AAAf/S1 in Fitch Ratings, with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST Plus+. COLOTRUST Plus+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2024, the District had \$4,484,241 invested in COLOTRUST Plus+.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (“CSAFE”) is rated AAammf by Fitch Ratings with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians’ internal records identify the investments owned by CSAFE. At December 31, 2024, the District had \$2,796,949 invested in CSAFE.

Credit Risk

The District’s investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

## Reata South Metropolitan District

Notes to Financial Statements  
December 31, 20243. Capital assets:

Capital asset activity for the year ended December 31, 2024, was as follows:

Governmental Type Activities:	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
<i>Capital assets not being depreciated:</i>				
Land and buildings	\$ 42,610	\$ -	\$ -	\$ 42,610
Total capital assets not being depreciated	42,610	-	-	42,610
<i>Capital assets being depreciated:</i>				
Streets	25,300,874	-	-	25,300,874
Equipment	50,426	90,617	-	141,043
Computer Equipment	7,460	-	-	7,460
Landscape Improvement	16,568	-	-	16,568
Vehicles	12,085	-	-	12,085
Total capital assets being depreciated	25,387,413	90,617	-	25,478,030
<i>Accumulated Depreciation:</i>				
Streets	(12,228,840)	(843,362)	-	(13,072,202)
Equipment	(50,426)	(12,537)	-	(62,963)
Computer Equipment	(7,460)	-	-	(7,460)
Landscape Improvement	(14,909)	(832)	-	(15,741)
Vehicles	(12,085)	-	-	(12,085)
Total accumulated depreciation	(12,313,720)	(856,731)	-	(13,170,451)
Net capital assets being depreciated	13,073,693	(766,114)	-	12,307,579
Government type assets, net	\$ 13,116,303	\$ (766,114)	\$ -	\$ 12,350,189

The District retains the right to maintain ownership in certain facilities and/or retain responsibility for operations and maintenance. The Board authorized the District to set aside funds for the maintenance and / or replacement of assets. It is reflected on the Balance Sheet as a Maintenance reserve in the amount of \$2,426,311.

## Reata South Metropolitan District

Notes to Financial Statements  
December 31, 20244. Long-term debt:

The District issued bonds to provide funds for the acquiring, designing, constructing, relocating, installing, and completing water, sanitation, street, and parks and recreation improvements and facilities.

Changes in long - term debt obligations for the year ended December 31, 2024, are as follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Current Portion
<i><u>General Obligation Bonds</u></i>					
General Obligation Bonds - 2018	\$ 19,330,000	\$ -	\$ -	\$ 19,330,000	\$ -
Original issue premium	90,414	-	5,308	85,107	-
Total	<u>19,420,414</u>	<u>-</u>	<u>5,308</u>	<u>19,415,107</u>	<u>-</u>
<i><u>Other - Developer Advances</u></i>					
Funding agreement	12,266,051	-	-	12,266,051	-
Developer guaranty agreement	2,925,530	-	-	2,925,530	-
Total	<u>15,191,581</u>	<u>-</u>	<u>-</u>	<u>15,191,581</u>	<u>-</u>
Total Debt	<u><u>\$ 34,611,995</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,308</u></u>	<u><u>\$ 34,606,688</u></u>	<u><u>\$ -</u></u>

*General Obligation Refunding Bonds Series 2018*

On March 6, 2018, the District issued the Limited Tax General Obligation Refunding Bonds Series 2018, (the “Series 2018 Bonds”), in the amount of \$19,330,000, for refunding of the outstanding Limited Tax General Obligation Bonds Series 2007A. The Series 2018 Bonds are term bonds due on December 1, 2047. The Series 2018 Bonds bear interest at rates between 5.375% and 5.500%, payable semiannually on each June 1 and December 1, commencing on June 1, 2018. The Series 2018 Bonds are secured by Pledged Revenues including a Required Mill Levy, Specific Ownership Taxes, Facility Fees, and other legally available funds that the District deems appropriate. The District is required to impose a mill levy of 50 mills, adjusted for changes in the calculations of assessed valuations, until the Surplus Fund exceeds \$3,866,000 or the ratio of outstanding debt to assessed valuation is 50% or less. The District realized a net present value savings of \$2,536,539 by refunding the Series 2007A Bonds.

## Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

The Series 2018 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026, and thereafter	0.00

Accrued interest at December 31, 2024, on the Series 2018 Bonds was \$87,947.

The District's annual debt service requirements to maturity for the Series 2018 Bonds are as follows:

	Principal	Interest	Total
2025	\$ -	\$ 1,055,369	\$ 1,055,369
2026	300,000	1,055,369	1,355,369
2027	340,000	1,039,244	1,379,244
2028	385,000	1,020,968	1,405,968
2029	405,000	1,000,275	1,405,275
2030-2034	2,660,000	4,629,425	7,289,425
2035-2039	3,845,000	3,793,381	7,638,381
2040-2044	5,465,000	2,572,900	8,037,900
2045-2047	5,930,000	754,875	6,684,875
	<u>\$ 19,330,000</u>	<u>\$ 16,921,806</u>	<u>\$ 36,251,806</u>

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

*Debt Service Guaranty Agreement*

The District entered into a Debt Service Guaranty Agreement (the “2007 Guaranty”) dated August 1, 2007, with Colorado Golf Club, LLC (the “Developer”) and Colorado State Bank & Trust (“2007 Trustee”). The Developer agreed to guarantee the payment of the principal and interest on the Series 2007A Bonds in the amount of \$6,500,000. Subsequently, this amount was reduced to \$3,250,000 in the form of a Letter of Credit. In 2014, the Letter of Credit was cashed out by the Developer, with the proceeds held by the 2007 Trustee to be used by the District for shortfalls in debt service payments on the Series 2007A Bonds. The repayment of the 2007 Guaranty funds to the Developer is subordinate to the General Obligation Bonds. During 2011, Betts Lake, LLC, in its capacity as the sole member of CGC Real Estate, LLC and CGC Real Estate II, LLC, became the successor in interest to the Developer’s interest in the 2007 Guaranty. In 2018, the District redeemed the Series 2007A Bonds with proceeds from the issuance of the Series 2018 Bonds, and the remaining funds from the 2007 Guaranty were no longer needed. As of December 31, 2024, the District had used \$2,925,530 of such funds to make debt service payments on the original Series 2007A Bonds. Accrued interest is based on a rate per annum which is 325 basis points in excess of the MMD benchmark yields for AAA bonds on the date of creation of any drawn amount. As of December 31, 2024, accrued interest is \$1,500,949. The District still has the obligation to repay this principal and interest to the Developer.

*Funding Agreement - Developer*

On February 9, 2006, the District entered into a Funding Agreement with the Developer, whereby the Developer agreed to loan the District one or more sums of money not to exceed \$29,000,000 for capital expenses and certain operating expenses. The advances bear simple interest at a rate of 8% per annum from the date any advance is made. During 2011, Betts Lake, LLC, in its capacity as the sole member of CGC Real Estate, LLC and CGC Real Estate II, LLC, became the successor in interest to the Developer’s interest in the Funding Agreement. The Funding Agreement is subordinate to the General Obligation Bonds. The collection of any revenues to repay the agreement is at the Board’s discretion and is subject to annual appropriation by the Board in any given year. The Funding Agreement terminates on Dec. 1, 2036, at which time all terms and provisions of this Agreement, including the provisions related to repayment shall terminate completely and unconditionally. The principal balance as of December 31, 2024 was \$12,266,051 with accrued interest of \$16,687,549.

5. *Debt Authorization:*

In 2005, the electors of the District authorized the issuance of indebtedness of \$135,450,000 for public improvements. As of December 31, 2024, the amount of debt authorized by the District’s electorate but unissued was \$112,850,000. The District has not budgeted to issue any new debt in 2024. Per the District’s Service Plan, the District cannot issue debt in excess of \$19,350,000.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

6. Agreements:

*Purchase and Sale Agreement*

On September 23, 2014, the District entered into a Purchase and Sale Agreement with Betts Lake, LLC (the “Buyer”), pursuant to which the Buyer agreed to purchase approximately 38 acres of Reata Open Space land. Since that date, this Agreement was amended eighteen (18) times by the parties, the latest of which is dated December 6, 2021. The resulting increased density consists of two distinct areas: (i) nine (9) custom lots (each a “Custom Lot”) along the north side of Preservation Trail; and (ii) the Village lots comprised of 33 single family cluster homes (each a “Village Lot”) and one (1) custom lot (each a “Custom Lot”) northwest of the intersection of Preservation Trail and Forest Keep Circle. The Buyer received Douglas County rezoning approval in 2020 for both the Village Lots and Custom Lots. The Buyer’s final plat submission for the 9 Custom Lots along Preservation Trail was approved by Douglas County in April 2021. In 2021, the Buyer sold 8 Custom Lots for which the District received \$693,400 in proceeds. The remaining Custom Lot, and 33 of the Village Lots were sold in 2022 for which the District received a total of \$1,405,277. In 2023, the last lot was sold for \$85,000.

*Facility fees*

Facility Fees are imposed and collected by the District in the amount of \$2,000 per residential lot and \$.50 per square foot of constructed commercial building. The fees are due and payable pursuant to the Fee Resolution as follows: i) residential lots purchased prior to January 1, 2007, are due on the date that the water connection permit for a building improvement is issued, ii) fees on residential lots purchased after January 1, 2007, are due on the date of conveyance of such lots, and iii) commercial building fees are due on the date of issuance of water connection permit. The fees are paid or remitted to the District to be applied to fund the costs of construction, completion, maintenance, or replacement of the Facilities, including the payment of the Bonds used for financing the facilities. In 2024, the District received \$0 in Facility Fee Revenue.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

7. Risk Management:

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

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. No distributions were made during the year ended December 31, 2024.

8. Tax, spending and debt limitations:

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

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

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

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

On November 1, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

9: Interfund and Operating Transfers

The transfer of \$90,617 from the General Fund to Capital Projects Fund was transferred for the purpose of purchasing a water tap for new irrigation.

10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements:

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

- 1) capital improvements used in government activities are not financial resources and, therefore, are not reported in the funds; and
- 2) unamortized debt insurance, deferred cost on refunding and original issue premium are not financial resources and, therefore are not reported in the funds; and,
- 3) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

- 1) governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the costs of those assets are depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.

## SUPPLEMENTAL INFORMATION

## Reata South Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND  
For the Year Ended December 31, 2024

	Original and <u>Final Budget</u>	Actual	Variance (Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 1,965,609	\$ 1,969,077	\$ 3,468
Specific ownership taxes	118,586	147,230	28,644
Interest income	<u>120,000</u>	<u>192,920</u>	<u>72,920</u>
<b>Total Revenues</b>	<b><u>2,204,195</u></b>	<b><u>2,309,227</u></b>	<b><u>105,032</u></b>
<b>EXPENDITURES</b>			
Interest expense	1,055,369	1,055,369	-
Trustee fees	10,000	3,500	6,500
Treasurers fees	<u>29,484</u>	<u>29,645</u>	<u>(161)</u>
<b>Total Expenditures</b>	<b><u>1,094,853</u></b>	<b><u>1,088,514</u></b>	<b><u>6,339</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,109,342</b>	<b>1,220,713</b>	<b>111,371</b>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>3,293,581</u>	<u>3,384,547</u>	<u>90,966</u>
END OF YEAR	<b><u>\$ 4,402,923</u></b>	<b><u>\$ 4,605,260</u></b>	<b><u>\$ 202,337</u></b>

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

## Reata South Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUND  
For the Year Ended December 31, 2024

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Interest income	\$ _____ -	\$ _____ -	\$ _____ -
Total Revenues	_____ -	_____ -	_____ -
<b>EXPENDITURES</b>			
Capital improvements	100,000	90,617	9,383
Total Expenditures	100,000	90,617	9,383
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(100,000)	(90,617)	9,383
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out)	100,000	90,617	(9,383)
Total Other Financing Sources (Uses)	100,000	90,617	(9,383)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	_____ -	_____ -	_____ -
END OF YEAR	<u>\$</u> _____ -	<u>\$</u> _____ -	<u>\$</u> _____ -

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

## Reata South Metropolitan District

### SUMMARY OF ASSESSED VALUATION, MILL LEVY

### AND PROPERTY TAXES COLLECTED

December 31, 2024

<b>Year Ended</b> <b><u>December 31,</u></b>	<b>Prior Year Assessed</b> <b>Year Property</b>	<b>Mills Levied</b>		<b>Total Property Tax</b>		<b>Percent Collected to Levied</b>
		<b>Tax Levy</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Levied</b>	
2007	\$ 4,434,170	45.000	0.000	\$ 199,538	\$ 199,537	100.00%
2008	\$ 8,303,900	10.000	40.000	\$ 415,195	\$ 418,548	100.81%
2009	\$ 20,390,300	10.000	40.000	\$ 1,019,515	\$ 890,706	87.37%
2010	\$ 26,229,470	10.000	40.000	\$ 1,311,474	\$ 1,311,471	100.00%
2011	\$ 26,792,560	10.000	40.000	\$ 1,339,628	\$ 1,339,855	100.02%
2012	\$ 15,678,560	5.000	50.000	\$ 862,321	\$ 848,895	98.44%
2013	\$ 16,021,120	5.000	50.000	\$ 881,162	\$ 875,070	99.31%
2014	\$ 14,280,955	5.000	50.000	\$ 785,453	\$ 771,288	98.20%
2015	\$ 14,237,820	5.000	50.000	\$ 783,080	\$ 783,080	100.00%
2016	\$ 14,596,380	5.000	50.000	\$ 802,801	\$ 802,801	100.00%
2017	\$ 14,827,420	5.000	50.000	\$ 815,508	\$ 815,509	100.00%
2018	\$ 13,063,460	5.266	52.664	\$ 756,766	\$ 756,766	100.00%
2019	\$ 14,312,600	5.291	52.916	\$ 833,094	\$ 747,012	89.67% (1)
2020	\$ 22,372,410	5.274	52.734	\$ 1,297,780	\$ 1,295,197	99.80%
2021	\$ 23,756,390	5.305	53.054	\$ 1,386,400	\$ 1,382,093	99.69%
2022	\$ 27,264,750	5.321	53.214	\$ 1,595,942	\$ 1,595,942	100.00%
2023	\$ 28,899,210	5.411	54.124	\$ 1,720,515	\$ 1,694,163	98.47%
2024	\$ 34,483,760	5.411	57.001	\$ 2,152,201	\$ 1,694,163	78.72%
Estimated for year ending December 31,						
2025	\$ 37,107,970	10.000	40.000	\$ 1,855,399		

#### **NOTES:**

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

(1) In 2019, there were some abatements within the boundaries of the District resulting in a net reduction of revenue by \$84,735.

## Certificate Of Completion

Envelope Id: 81F034A4-9E81-41A4-8318-F6A6C7A355F2

Status: Completed

Subject: Complete with DocuSign: Revised 2024 Annual Report

Source Envelope:

Document Pages: 45

Signatures: 2

Envelope Originator:

Certificate Pages: 5

Initials: 0

Sarah Luetjen

AutoNav: Enabled

44 Cook Street, Suite 620

EnvelopeD Stamping: Enabled

Denver, CO 80206

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

sluetjen@cegrlaw.com

IP Address: 50.207.72.210

## Record Tracking

Status: Original

Holder: Sarah Luetjen

Location: DocuSign

6/24/2025 2:31:10 PM

sluetjen@cegrlaw.com

### Signer Events

CHARLENE SLOAN

charlsloan@gmail.com

Security Level: Email, Account Authentication (None)

### Signature

DocuSigned by:  
  
 D87DA8A243064C6...

### Timestamp

Sent: 6/24/2025 2:32:18 PM

Viewed: 6/24/2025 2:39:39 PM

Signed: 6/24/2025 2:40:40 PM

Signature Adoption: Pre-selected Style  
 Using IP Address: 38.143.241.148

### Electronic Record and Signature Disclosure:

Accepted: 6/24/2025 2:39:38 PM

ID: 6d8dbc81-f06a-4ea9-b64e-491f5a4376d0

Gary Reece

garyreece3@gmail.com

President

Cancer League of Colorado, Inc.

Security Level: Email, Account Authentication (None)

DocuSigned by:  
  
 59C04753350A404...

Sent: 6/24/2025 2:32:17 PM

Viewed: 6/24/2025 6:05:00 PM

Signed: 6/26/2025 7:36:48 PM

Signature Adoption: Pre-selected Style  
 Using IP Address: 76.120.3.186

### Electronic Record and Signature Disclosure:

Accepted: 6/24/2025 6:05:00 PM

ID: f7c72e97-8015-4fc1-9ec7-52aae0274671

### In Person Signer Events

### Signature

### Timestamp

### Editor Delivery Events

### Status

### Timestamp

### Agent Delivery Events

### Status

### Timestamp

### Intermediary Delivery Events

### Status

### Timestamp

### Certified Delivery Events

### Status

### Timestamp

### Carbon Copy Events

### Status

### Timestamp

### Witness Events

### Signature

### Timestamp

### Notary Events

### Signature

### Timestamp

### Envelope Summary Events

### Status

### Timestamps

Envelope Sent

Hashed/Encrypted

6/24/2025 2:32:18 PM

Certified Delivered

Security Checked

6/24/2025 6:05:00 PM

Envelope Summary Events	Status	Timestamps
Signing Complete	Security Checked	6/26/2025 7:36:48 PM
Completed	Security Checked	6/26/2025 7:36:48 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, Cockrel Ela Glesne Greher & Ruhland PC (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

**How to contact Cockrel Ela Glesne Greher & Ruhland PC:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [sluetjen@cegrlaw.com](mailto:sluetjen@cegrlaw.com)

**To advise Cockrel Ela Glesne Greher & Ruhland PC of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [sluetjen@cegrlaw.com](mailto:sluetjen@cegrlaw.com) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

**To request paper copies from Cockrel Ela Glesne Greher & Ruhland PC**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [sluetjen@cegrlaw.com](mailto:sluetjen@cegrlaw.com) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

**To withdraw your consent with Cockrel Ela Glesne Greher & Ruhland PC**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [sluetjen@cegrlaw.com](mailto:sluetjen@cegrlaw.com) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

## **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

## **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Cockrel Ela Glesne Greher & Ruhland PC as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Cockrel Ela Glesne Greher & Ruhland PC during the course of your relationship with Cockrel Ela Glesne Greher & Ruhland PC.

# Reata South Metropolitan District

Pursuant to section 32-1-809, Colorado Revised Statutes for Transparency Notices may be filed with Special District Association of Colorado. This information must be provided annually to the eligible electors of the district no later than January 15 of each year.

**\*Note that some information provided herein may be subject to change after the notice is posted.**

## District's Principal Business Office

**Company**

c/o Cockrel Ela Glesne Greher & Ruhland, PC

**Contact**

Paul R. Cockrel

**Address**

44 Cook Street, Suite 620, Denver, Colorado 80206

**Phone**

303-218-7200

## District's Physical Location

**Counties**

Douglas

## Regular Board Meeting Information

**Location****Address**

8000 Preservation Trail, Parker, Colorado

**Day(s)**

1st Thursday of the 3rd month of the quarter

**Time**

4:00 p.m.

Posting Place for Meeting Notice

**Location**

<https://www.reatasouthmetrodistrict.com/> AND CGC Clubhouse

**Address**

8000 Preservation Trail, Parker, Colorado

Notice of Proposed Action to Fix or Increase Fees, Rates, Tolls, Penalties or Charges for Domestic Water or Sanitary Sewer Services

**Location**

**Address**

**Date**

**Notice**

Current District Mill Levy

**Mills**

61.243

Ad Valorem Tax Revenue

Revenue reported may be incomplete or unaudited as of the date this Notice was posted.

**Amount(\$)**

\$1,720,515 (est.)

Date of Next Regular Election

**Date**

05/06/2025

Pursuant to 24-72-205 C.R.S

The district's research and retrieval fee is **33.58** per hour

**District Policy**

WHEREAS, pursuant to §32-1-1001(1)(h), C.R.S., the Board of Directors of the Reata South Metropolitan District ("District") is responsible for the management, control and supervision of all of the business and affairs of the District; and

WHEREAS, pursuant to §32-1-1001(1)(i), C.R.S., the Board of Directors of the District has the authority to appoint an agent; and

WHEREAS, the Board of Directors of the District has determined that it is appropriate to designate an official custodian of the District's records for the protection of such records and in order to permit their inspection by persons entitled to examine and copy such records in an orderly fashion; and

WHEREAS, the Board of Directors of the District has determined that it is appropriate to adopt a policy on responding to open records requests; and

WHEREAS, the Board of Directors fully supports, and complies with, all Federal and State laws relating to the retention, protection and disclosure of District records including, but not limited to, the Colorado Open Records Act, Title 24, Article 72, Part 2, C.R.S. ("CORA"), the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and the Privacy Rule promulgated by the U.S. Department of Health and Human Services which interprets and implements HIPAA; and

WHEREAS, it is the policy of the District that all public records shall be open for inspection by any person at reasonable times, except as otherwise provided by law; and

WHEREAS, public records are defined by CORA as all writings made or maintained by the District, regardless of the format or medium of the records, subject to certain exceptions and public records expressly include e-mail communications.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Reata South Metropolitan District that:

1. Official Custodian.

(a) Darren Brooks, Manager of the District, is hereby designated as the Official Custodian responsible for the maintenance, care and keeping of all records of the District, except as provided herein.

(b) The Official Custodian shall have the authority to designate such

agents as they shall determine appropriate to perform any and all acts necessary to enforce and execute the provisions of this Resolution.

2. Policy on Responding to Open Records Request. The following are general policies concerning the release of records:

(a) All public records of the District shall be open for inspection at the times designated herein, unless prohibited by the provisions of CORA or policies adopted by the Board of Directors in conformance with CORA.

(b) Every request to inspect and/or copy any District record (a "Records Request") shall be submitted to the District's Official Custodian in writing and be specific as to the information desired. If not submitted to the Official Custodian, any District employee or Board Member that receives the Records Request shall immediately send the Records Request to the Official Custodian. To assist the Official Custodian in responding to requests in a timely and complete manner, the Official Custodian may require records requests to be submitted on a form developed by the Official Custodian.

(c) If any question arises as to the propriety of fully complying with a Records Request, the Official Custodian shall immediately forward it to the District's legal counsel.

(d) The District's legal counsel shall determine the District's obligations under the applicable Federal and/or State law(s). If the District is permitted to make records available for inspection in whole or in part, the District's legal counsel will so notify the District's Official Custodian, who will assemble the disclosable requested documents for inspection and/or copying in accordance with applicable Federal or State law.

(e) If the District's legal counsel determines the District is not permitted by Federal or State law to make records available for inspection in whole or in part, legal counsel shall provide a written response to the party submitting the Records Request stating the legal basis upon which the Records Request in whole or in part is being denied.

(f) Following the denial of a request for record, upon receipt of the required written notice from the requesting individual that he or she will seek relief from the District Court, the Official Custodian will attempt to meet in-person or speak by telephone with the requesting individual. District personnel are encouraged to utilize all possible means to attempt to resolve the dispute during this time period and will provide a written summary of the District's position at the end of that period to the requestor and to the District's Board of Directors. No phone or in-person conference is required if the written notice indicates that the requestor needs access to the record on an expedited basis.

(g) Pursuant to CORA, all records must be made available for inspection within three (3) working days from the Official Custodian's receipt of the request, unless extenuating circumstances exist. The deadline may be extended by seven (7) working days if extenuating circumstances exist

and the requesting party is notified of the delay within three (3) working days of the Official Custodian's receipt of the request. The Official Custodian may set the time during normal office hours and the place for records to be inspected, and require that the Official Custodian or a delegated employee be present while the records are examined.

(h) A public record stored in a digital format that is neither searchable nor sortable will be provided in a digital format. A public record stored in a digital format that is searchable and/or sortable will be provided in such digital format, unless (1) the public record is in a searchable or sortable format and producing the record in the requested format would violate the terms of any copyright or licensing agreement between the District and a third party; (2) producing the record would result in the release of a third party's proprietary information; (3) after making reasonable inquiries, it is not technologically or practically feasible to provide a copy of the record in a searchable or sortable format; or (4) if the Official Custodian would be required to purchase software or create additional programming functionality in its existing software to remove the information. Altering an existing digital public record, or excising fields of information that the Official Custodian is either required or permitted to withhold under this subsection, does not constitute the creation of a new public record under Section (2)(i)(iv) of this Resolution.

(i) The Custodian may charge the following fees (collectively, the "Fees") for responding to a Records Request:

(i) Printouts, photographs, and copies, when requested, will be provided at a cost of twenty-five cents (\$0.25) per standard page, and at the actual costs of production for any non-standard page (the "Copying Fee"). A standard page shall mean an 8.5-inch by 11-inch black and white copy.

(ii) When it is impractical to make the copy, printout, or photograph of the requested record at the place where the record is kept, the Official Custodian may allow arrangements to be made for the copy, printout, or photograph to be made at other facilities and the cost of providing the requested records will be paid by the person making the request (the "Outside Copying Fee").

(iii) If a copy, printout or photograph of a public record is necessary or requested to be provided in a format other than a standard page, the costs will be assessed at the actual cost of production (the "Production Fee").

(iv) If data must be manipulated in order to generate a record in a form not otherwise used by the District, such data manipulation will be assessed at the actual costs to the District (the "Manipulation Fee"); however, the District is in no way obligated to generate a record that is not otherwise kept, made, or maintained by the District.

(v) The cost for transmitting the requested records will be charged at the

actual cost of such delivery (the “Transmission Fee”). Transmission Fees will not be charged for transmitting any record via electronic mail, when requested.

(vi) When the location or existence of specific documents must be researched and the documents must be retrieved, sorted or reviewed for applicability to the request, and such process requires more than one (1) hour of staff time, the Custodian may charge a research and retrieval fee not to exceed thirty-three dollars and fifty-eight cents (\$33.58) per hour, or the maximum amount allowed by the Executive Committee of the State Legislative Council, whichever is greater (the “Research and Retrieval Fee”).

(vii) If any requested records are protected by a privilege (for example, but not limited to, the work product or attorney-client privileges) the District may charge the actual costs of creating a privilege log identifying the privileged records (the “Privilege Fee”). If legal assistance or review is necessary to create the privilege log, the Privilege Fee may include the actual costs for such legal assistance.

(j) If the estimated Fees to produce the records will exceed \$100.00, the District may require a fifty percent (50%) deposit of the estimated Fees prior to commencing work to produce the records. Payment of the remainder of the Fees, including all actual costs exceeding the estimated amount, must be made prior to the time of inspection or release of the final work product or copies.

(k) No person shall be permitted to inspect or copy any records of the District if, in the opinion of the Official Custodian after consultation with the District’s legal counsel, such inspection or copying would come within the prohibition of one or more exemptions set forth in CORA.

3. Severability. If any part, section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining provisions.

4. Effective Date. This Resolution shall take effect and be enforced immediately upon its approval by the Board of Directors of the District. The foregoing Resolution was approved and adopted this 3rd day of December, 2019.

**District contact information for open records request:**

Darren Brooks

Names of District Board Members

**Board President**

**Name**

Gary Reece

**Contact Info**

garyreece3@gmail.com

**Election**

**Yes**, this office will be on the next regular election ballot

**Board Member 2****Name**

Brian Thorsen

**Contact Info**

brianthorsen@hotmail.com

**Election**

**No**, this office will not be on the next regular election ballot

**Board Member 3****Name**

Nathaniel Sears

**Contact Info**

nat\_sears@msn.com

**Election**

**Yes**, this office will be on the next regular election ballot

**Board Member 4****Name**

Char Sloan

**Contact Info**

charsloan@gmail.com

**Election**

**No**, this office will not be on the next regular election ballot

**Board Member 5****Name**

J. Reed Smith

**Contact Info**

smeed@comcast.net

**Election**

**Yes**, this office will be on the next regular election ballot

**Board Candidate Self-Nomination Forms**

Any eligible elector of the special district who desires to be a candidate for the office of special district director must file a self-nomination and acceptance form or letter with the designated election official.

**Deadline for Self-Nomination Forms**

Self-nomination and acceptance forms or letters must be filed not less than 67 days before the date of the regular election.

**District Election Results**

The district's election results will be posted on the website of the Colorado Secretary of State ([www.sos.state.co.us](http://www.sos.state.co.us)) and the website indicated below, if any.

**Website**

<https://www.reatasouthmetrodistrict.com/>

**Permanent Mail-In Voter Status**

Absentee voting and Permanent absentee voter status (formerly Permanent Mail-In voter status): Where to obtain and return forms.

Sarah H. Luetjen, DEO; 44 Cook Street, Suite 620, Denver, CO 80206;  
[sluetjen@cegrlaw.com](mailto:sluetjen@cegrlaw.com)

Applications for absentee voting or for permanent absentee voter status are available from and must be returned to the Designated Election Official.

Sarah H. Luetjen, DEO; 44 Cook Street, Suite 620, Denver, CO 80206;  
sluetjen@cegrlaw.com

Notice Completed By

**Name**

Kristin Herndon

**Company/District**

Cockrel Ela Glesne Greher & Ruhland, PC

**Title**

Legal Assisitant

**Email**

kherndon@cegrlaw.com

**Dated**

01/09/2024

**NOTICE OF REGULAR MEETING OF  
REATA SOUTH METROPOLITAN DISTRICT**

NOTICE IS HEREBY GIVEN that a regular meeting of the Board of Directors of the Reata South Metropolitan District, in Douglas County, Colorado will be held on Thursday, September 4, 2025, at 4:00 p.m. at 8000 Preservation Trail, Parker, Colorado 80134 and via Zoom: <https://us02web.zoom.us/j/84789509671>; OR to join by phone, dial (719) 359-4580; Webinar ID: 847 8950 9671

---

Gary Reece, President	May 2029
Brian Thorsen, Vice President/Secretary/Treasurer	May 2027
Char Sloan, Vice President/Assistant Secretary/Treasurer	May 2027
Kip Schoenborn, Vice President/Assistant Secretary/Treasurer	May 2029
Steve Treadwell, Vice President/Assistant Secretary/Treasurer	May 2029

---

**AGENDA**

1. Disclosure of any potential conflicts of interest
2. Acknowledgement of proper meeting notice posting
3. Approval of minutes of the August 13, 2025 special meeting
4. Financial Report (Cathy Hamilton, Simmons & Wheeler)
  - (a) Review and approve June 30, 2025 unaudited financial statements
  - (b) Review and ratify claims
  - (c) Review 2026 budget timelines
5. Betts Lake Task Force update
6. Parker Pointe update
7. Village Project update
8. Executive Session under Section 24-6-402(4)(e), C.R.S., negotiations relating to the sale of District property
9. Traffic safety update
  - (a) Discuss capital expenditures related to traffic safety
10. Manager's Report (Darren Brooks, District Manager)
11. Any other matter which may come before the Board

This meeting is open to the public.

REATA SOUTH METROPOLITAN DISTRICT

By: /s/ Gary Reece  
President

I hereby certify that a copy of the foregoing Notice of Regular Meeting was, by me personally, posted on the District's website, at least 24-hours prior to the meeting.

---

**NOTICE OF CANCELLATION OF REGULAR ELECTION**  
**BY THE DESIGNATED ELECTION OFFICIAL FOR THE**  
**REATA SOUTH METROPOLITAN DISTRICT**

NOTICE IS HEREBY GIVEN by the Reata South Metropolitan District, Douglas County, Colorado, that at the close of business on the sixty-third (63rd) day before the election or thereafter there were not more candidates for Director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 6, 2025, is hereby cancelled.

The following candidates are declared elected:

Gary Reece                          Four -Year Term to 2029

Kip Schoenborn                          Four-Year Term to 2029

Steve Treadwell                          Four-Year Term to 2029

REATA SOUTH METROPOLITAN  
DISTRICT

By: /s/ Sarah H. Luetjen  
Designated Election Official

Published on:                          March 20, 2025

Published in:                          *Douglas County News Press*

**CANCELLATION OF ELECTION AND**  
**DECLARATION DEEMING CANDIDATES ELECTED FOR**  
**REATA SOUTH METROPOLITAN DISTRICT**

The Designated Election Official of the Reata South Metropolitan District has been duly authorized by the Board of Directors to cancel and declare candidates elected if, at the close of business on the sixty-third (63<sup>rd</sup>) day before the election or thereafter, there are not more candidates than offices to be filled at the election to be conducted on May 6, 2025; and

As of the close of business on March 4, 2025, or thereafter, there were not more candidates for Director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates.

Pursuant to Section 1-13.5-513(1), C.R.S., the Designated Election Official hereby cancels the regular election to be conducted on May 6, 2025.

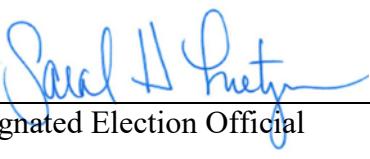
**THE ELECTION IS CANCELLED AND THE FOLLOWING CANDIDATES ARE  
DECLARED ELECTED FOR THE FOLLOWING TERMS:**

Gary Reece 7943 Forest Keep Circle Parker, Colorado 80134	Four-Year Term to 2029
---	------------------------

Kip Schoenborn 8603 Catena Court Parker, Colorado 80134	Four-Year Term to 2029
---	------------------------

Steven B. Treadwell 8436 Witez Court Parker, Colorado 80134	Four-Year Term to 2029
---	------------------------

DATED this 6<sup>th</sup> day of March, 2025.

  
\_\_\_\_\_  
Designated Election Official

Contact Person for District:

Paul R. Cockrel

Cockrel Ela Glesne Greher & Ruhland P.C.

(303) 218-7200

44 Cook Street, Suite 620

Denver, Colorado 80206

Telephone Number of District:

Address of District:

## **DISTRICT BYLAWS**

**SECTION 1. AUTHORITY.** The Reata South Metropolitan District (“District”) is a governmental subdivision of the State of Colorado and a body corporate with those powers of a public or quasi municipal corporation which are specifically authorized by, and in compliance with, Section 32-1-101 *et seq.*, C.R.S. The District was created on November 16, 2005, by court order and is located in the County of Douglas.

**SECTION 2. PURPOSE.** It is hereby declared that the Bylaws hereinafter set forth will serve a public purpose.

**SECTION 3. POLICIES OF THE BOARD.** It shall be the policy of the Board of Directors (“Board”) of the District, consistent with the availability of revenues, personnel and equipment, to use its best efforts to provide the quality services as authorized under the District Service Plan or by law.

**SECTION 4. BOARD OF DIRECTORS.** All powers, privileges and duties vested in, or imposed upon, the District by law shall be exercised and performed by and through the Board, whether set forth specifically or impliedly in these Bylaws. The Board may delegate to officers, employees, and agents of the District any or all administrative and ministerial powers.

Without restricting the general powers conferred by these Bylaws, it is hereby expressly declared that the Board shall have the following powers and duties:

- a. To confer upon any appointed officer or employee of the District the power to choose, remove or suspend employees or agents upon such terms and conditions as may seem fair and just and in the best interests of the District.
- b. To determine and designate, except as otherwise provided by law or these Bylaws, who shall be authorized to make purchases, negotiate leases for office space, and sign receipts, endorsements, checks, releases and other documents. The Board may, on a limited basis and by resolution, give a District manager or other appointed signatory the power to sign contracts and other official documents on behalf of District.
- c. To create standing or special committees and to delegate such power and authority thereto as the Board deems necessary and proper for the performance of such committee’s functions and obligations.
- d. To prepare or cause to be prepared financial reports covering each year’s fiscal activities; and such reports shall be available for inspection by the public, as required by law.

## **SECTION 5. OFFICE.**

- a. **Business Office.** The principal business office of District shall be at 8000 Preservation Trail, Parker, Colorado 80134, unless otherwise designated by the Board.
- b. **Establishing Other Offices and Relocation.** The Board, by resolution, may from time to time, designate, locate and relocate its executive and business office and such other offices as, in its judgment, are necessary to conduct the business of the District.

## **SECTION 6. MEETINGS.**

- a. **Regular Meetings.** Regular meetings of the Board shall be conducted on the 1<sup>st</sup> Tuesday of the third month of the quarter and held at the business office, unless otherwise noticed and posted. When necessary, the Board, in its discretion, by motion may change the time and date of regular Board meetings.
- b. **Special Meetings.** Special meetings of the Board may be called by the Chair, the Vice Chair, or any two (2) Directors of the Board.
- c. **Meeting Public.** All meetings of the Board, other than executive sessions and social gatherings, shall be open to the public. Meetings include any and all sessions of the Board, at which a quorum of the Board or three (3) or more Directors are expected to be in attendance for discussion of District business, either in person, telephonically, or electronically.
- d. **Board Member Notice.** Section 6.a. shall constitute formal notice of regular meetings to the Directors, and no other notice shall be required to be given to the Board. Notice of special meetings shall be provided to Directors by email, telephone, or United States Postal Service (USPS) not less than twenty-four (24) hours in advance. Notice delivered by USPS shall be deemed delivered at 5:00 p.m. on the third (3<sup>rd</sup>) day following the day on which it was deposited. Attendance by a Director at a regular or special meeting shall be deemed a waiver by the Director of the notice requirements of this subsection d.
- e. **Public Notice.** Public notice and an agenda for all meetings shall be posted not less than twenty-four (24) hours in advance as set forth in the Colorado Open Meetings Law. The District's webpage is designated for the posting of such notice pursuant to Section 24-6-401, C.R.S.
- f. **No Informal Action by Directors/Executive Sessions.** All official business of the Board shall be conducted at regular or special meetings.

Executive sessions may be called at regular or special meetings, and conducted according to the following guidelines:

1. **Calling the Executive Session.** The topic for discussion in the executive session shall be announced in a motion, and the specific statute that authorizes the executive session shall be cited. The matter to be discussed shall be described in as much detail as possible without compromising the purpose of being in executive session. An affirmative vote of two-thirds (2/3) of the quorum in attendance shall be required to go into executive session.
2. **Conducting the Executive Session.** No adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall take place in an executive session. The discussion in executive session shall be limited to the reasons for which the executive session was called. An electronic record (such as an audio tape) of the actual contents of the discussion in the executive session shall be kept. No electronic or other record is necessary to be kept for any portions of the discussion which the District's attorney reasonably believes constitute attorney-client privileged communication. The attorney shall state on the electronic record when any portion of the executive session is not recorded as an attorney-client privileged communication or sign a statement to the same effect.
3. **Records of Executive Sessions.** The electronic record of any executive session shall be retained by the District for ninety (90) days from the date of the executive session and then destroyed. Electronic recordings of the executive session, or transcripts or other reproduction of the same, shall not be released to the general public for review under any circumstances, except as required by law.

g. **Adjournment and Continuance of Meetings.** When a regular or special meeting is for any reason continued to another time and place, notice need not be given of the continued meeting if the time and place of such meeting are announced at the meeting at which the continuance is taken. At the continued meeting, any business may be transacted which could have been transacted at the original meeting.

h. **Emergency Meetings.** Notwithstanding any other provisions in this Section 6, emergency meetings may be called, without notice if notice is not practicable, by the Chair, Vice Chair, or any two (2) Directors of the Board in the event of a declared emergency that requires the immediate action of the Board in order to protect the public health, safety, welfare and property of the residents and visitors of the District. If possible, notice of

such emergency meeting may be given to the Board by telephone or whatever other means are reasonable to meet the circumstances of the emergency. At such emergency meeting, any action within the power of the Board that is necessary for the immediate protection of the public health, safety, welfare or property of the residents and visitors of the District may be taken; provided, however, that any action taken at an emergency meeting shall be effective only until the first to occur of (a) the next regular meeting, or (b) the next special meeting of the Board at which the emergency issue is on the public notice of the meeting. At such subsequent meeting, the Board may ratify any emergency action taken. If any emergency action taken is not ratified, then it shall be deemed rescinded as of the date of such subsequent meeting, although the validity and effectiveness of the emergency action during its effective time shall not be invalidated. A declared emergency for purposes of this subsection h is an emergency within the District that has been declared by county or municipal government, the State of Colorado, the United States government, of any department or agency thereof, or the Chair, Vice Chair, or any two (2) Directors of the Board.

- i. **Email Meetings.** Section 24-6-402, C.R.S., requires that certain e-mail correspondence between three (3) Directors (or, when two (2) Directors constitute a quorum, two (2) Directors), if said email correspondence discusses pending resolutions or other District business, shall be considered a public meeting subject to the requirements of the Colorado Open Meetings Law.
- j. **Telephonic Attendance at Meetings.** Section 24-6-402(1)(b), C.R.S., defines a meeting as “Any kind of gathering to discuss public business, in person, by telephone, electronically, or by other means of communication.” Directors may attend meetings by telephone (or other electronic means), so long as he or she is able to reasonably hear the comments from the audience and any comments and discussion among other Directors and staff, and is able to participate in the discussion.

## **SECTION 7. CONDUCT OF BUSINESS.**

- a. **Quorum.** All official business of the Board shall be transacted at a regular or special meeting at which a quorum (majority) of the Directors shall be in attendance in person, telephonically, or electronically, except as provided in Section 6.h. above and Section 7.b. below.
- b. **Vote Requirements.** Any action of the Board shall require the affirmative vote of a majority of the Directors in attendance and voting at a meeting properly called and at which a quorum is in attendance, except that to

convene an executive session of the Board, a two-thirds (2/3) affirmative vote is required.

- c. **Electronic Signatures.** In the event the signature(s) of one (1) or more Directors of the Board or appointed signatories are required to execute a written document, contract, note, bond, deed, and/or other official papers of the District, and the appropriate individual(s) is unable to be physically present to sign said documentation, such individual or individuals are authorized to execute the documentation electronically via facsimile or e-mail signature, unless said documentation provides otherwise. Any electronic signature so affixed to a document shall carry the full legal force and effect of any original, handwritten signature. Except as approved herein, this provision of these Bylaws shall not be interpreted as establishing District's consent or authorization to bind District to any transaction by the use of electronic records or electronic means. This provision is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act.
- d. **Order of Business.** The business of all regular meetings of the Board shall be transacted, as far as practicable, in the following order, and the agenda for such meetings shall describe in as much detail as is possible the topics planned for discussion within each category:
  1. Changes to Agenda;
  2. Approval (or approval, as modified) of the minutes of the previous meeting;
  3. Public input (for matters not otherwise on the agenda/3-minute time limit/no disrupting, pursuant to Section 18-9-108, C.R.S.);
  4. Officers, committees and professional consultants;
  5. Unfinished business;
  6. New business and special orders;
  7. Executive session, if needed; and
  8. Adjournment.
- e. **Public Conduct at Meetings.** Comments by members of the public shall be made only during the "Public Input" portion of the meeting and shall be limited to three (3) minutes per individual and five (5) minutes per group

spokesperson unless additional opportunity is given at the Board's discretion. Each member of the public wishing to speak may be asked to fill out a form indicating name, address, and agenda item to be addressed. Disorderly conduct, harassment, or obstruction of or interference with meetings by physical action, verbal utterance, nuisance or any other means are hereby prohibited and constitute a violation of District rules. Such conduct may result in removal of person(s) responsible for such behavior from the meeting and/or criminal charges filed against such person(s). To the extent such occurrences arise and the person(s) responsible refuses to leave the premises, law enforcement authorities will be summoned. Prosecution will be pursued under all applicable laws including, without limitation, Sections 18-9-108, C.R.S. (disrupting lawful assembly), 18-9-110, C.R.S. (public buildings - trespass, interference), and/or 18-9-117, C.R.S. (unlawful conduct on public property). Law enforcement may be requested to attend meetings at any time in which the Board believes their presence will be an asset to the keeping of peace and the conducting of public business. 9-1-1 will be called at any time that the Board or staff feels threatened or endangered during a public meeting.

- f. **Minutes.** Within a reasonable time after passage, all votes, resolutions, motions and minutes of Board meetings shall be recorded in a visual text format that may be transmitted electronically and kept for that purpose and shall be attested by the Recording Secretary. Such records shall be the official record of Board meetings. Minutes of regular meetings shall be available for public review as soon as practicable following acceptance of the minutes by adoption of a motion of the Board. Executive sessions shall be electronically recorded on audio tape or other electronic media, and such electronic recording or reproduction of the same shall be kept separate from minutes of regular sessions as described in Section 6.e. of these Bylaws, and shall not be open to the public except as required by law. Draft minutes are considered work product under the Colorado Open Records Act and are not available to the public until discussed by the Board in a public meeting.

## **SECTION 8. DIRECTORS, OFFICERS AND PERSONNEL.**

- a. **Director Qualifications and Terms.** Directors shall be electors of the District. The term of each Director shall be determined by relevant statutory provisions with regular elections held in even numbered years through 2022, and thereafter odd numbered years beginning in 2023, and conducted in the manner prescribed by Articles 1 through 13.5, Title 1, and Part 8, Article 1, Title 32, C.R.S.

- b. **Faithful Performance Bonds.** Each Director shall furnish, at the expense of the District, an individual, schedule or blanket surety bond or crime insurance in the sum of not less than one thousand dollars (\$1,000) each, conditioned on the faithful performance of the duties of his/her office. In addition, the Treasurer shall furnish, at the expense of the District, a corporate fidelity bond or crime insurance in a sum of not less than five thousand dollars (\$5,000), conditioned upon the faithful performance of the duties of his/her office.
- c. **Director's Performance of Duties.** A Director of the District shall perform all duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner in which the Director reasonably believes to be in the best interests of District, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing the Director's duties, the Director shall be entitled to rely upon information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in subparagraphs 1, 2 and 3 of this subsection c. The Director shall not be considered to be acting in good faith if he/she has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs the Director's duties shall not have any liability by reason of being or having been a Director of the District. Those programs and groups upon whose information, opinions, reports, and statements a Director is entitled to rely upon are:
  - 1. One (1) or more officers or employees of the District whom the Director reasonably believes to be reliable and competent in the matters presented;
  - 2. Legal counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional knowledge or expertise; and
  - 3. A committee of the Board upon which the Director does not serve, duly designated in accordance with the provisions of these Bylaws, as to matters within the committee's designated authority, which committee the Director reasonably believes to merit confidence.
- d. **Oath of Office.** Each Director of the Board, before assuming the responsibilities of his/her office, shall take and subscribe an oath of office in the form prescribed by law.

- e. **Election of Officers.** The Board shall elect from its membership a Chair/President, Secretary, Treasurer, and Vice Chair/President who shall be the officers of the Board and of the District. The Board may elect from its membership Vice Chairs/Presidents and Assistant Secretaries and/or Assistant Treasurers. The officers shall be elected by a majority of the Directors voting at such election. The Board may, from time to time, appoint an acting officer in the absence of any individual officer. The election of the officers shall be conducted biennially at the first regular meeting of the Board following the regular biennial election of the Directors. Each officer so elected shall serve for a term of two (2) years, or as otherwise directed by the Board. Under any circumstance, the term shall continue until the election of his/her successor. Officers elected following the 2022 regular election shall serve for a term of one (1) year to facilitate the conversion of regular elections from even to odd numbered years.
- f. **Vacancies.** Any vacancy occurring on the Board shall be filled by an affirmative vote of a majority of the remaining Directors, as prescribed by law, with the appointee to serve until the next biennial election, as prescribed by statute. The appointed individual must meet the statutorily prescribed qualifications for Directors and shall serve until the next regular election.
- g. **Resignation and Removal.** Directors may be removed from office only by recall as prescribed by statute. Any Director may resign at any time by giving written notice to the Board, and acceptance of such resignation shall not be necessary to make it effective, unless the notice so provides.
- h. **Chair and President.** The Chair shall preside at all meetings. The Chair shall also be the President of the District. The President is authorized to sign all contracts, deeds, notes, debentures, warrants and other instruments on behalf of the District.
- i. **Secretary.** The Secretary shall preside at meetings in the absence of the Chair; be responsible for the records of the District; may act as Secretary at meetings of the Board and record all votes; shall be responsible for composing a record of the proceedings of the Board in a visual text format that may be transmitted electronically and kept for that purpose, which shall be an official record of the Board; and shall perform all duties incident to that office. The Secretary shall be the designated election official of the District and the custodian of the seal of District, unless otherwise determined by the Board. The Secretary shall have the authority to affix such seal to and attest all contracts and instruments authorized to be executed by the Board.

- j. **Treasurer.** The Treasurer shall be authorized to invest, or cause to be invested, all surplus funds or other available funds of the District in permitted investments authorized by law or as specified by the Board. The Treasurer shall be Chair of the Budget Committee and of the Audit Committee. The Treasurer shall keep, or cause to be kept, strict and accurate accounts of all money received by and disbursed for and on behalf of the District in permanent records.
- k. **Vice Chair/Vice President and Assistant Secretaries and/or Treasurers.** The Vice Chair/President and Assistant Secretaries and/or Treasurers shall have all powers of the associated primary officers in the absence of such officers. In the event that dual signatures of Directors are required on any instrument, then two (2) different Directors of the Board shall sign such instrument.
- l. **Recording Secretary.** The Board shall have the authority to appoint a recording secretary, who need not be a member of the Board, and who shall be responsible for recording the minutes of the meetings of the Board. The recording secretary shall not be required to take an oath of office, nor shall the recording secretary be required to post a performance bond.
- m. **Additional Duties.** The officers of the Board shall perform such other duties and functions as may, from time to time, be required by the Board, by these Bylaws or the rules and regulations of the District, by law, or by special exigencies, which shall later be ratified by the Board.
- n. **Manager or Administrator.** The Board may appoint a manager or contract with an administrator to serve for such term and upon such conditions, including compensation, as the Board may establish. Such manager or administrator shall have general supervision over the administration of the affairs, employees and business of the District and shall be charged with the hiring and discharging of employees and the management of District properties. Such manager or administrator shall have the care and custody of the general funds of the District and shall deposit or cause to be deposited the same in the name of District in such banks or savings associations as the Board may select. Such manager or administrator will approve all vouchers, orders and checks for payment, and shall keep or cause to be kept regular books of account of all District transactions and shall obtain, at the District's expense, such bond for the faithful performance of its duties, or crime insurance as the Board may designate. The Board may delegate such powers and duties to the manager or administrator as it deems appropriate.

o. **Personnel Selection and Tenure.** The selection of agents, employees, engineers, accountants, special consultants and attorneys of the District by the Board will be based upon the relative qualifications and capabilities of the applicants and shall not be based upon political services or affiliations. Agents and employees of the District shall hold their offices at the pleasure of the Board. Contracts for professional services of engineers, accountants, special consultants and attorneys may be entered into upon such terms and conditions as may seem reasonable and proper to the Board.

## **SECTION 9. FINANCIAL ADMINISTRATION.**

- a. **Fiscal Year.** The fiscal year of the District shall commence on January 1<sup>st</sup> of each year and end on December 31<sup>st</sup>.
- b. **Budget Committee.** There shall be a permanent Budget Committee composed of the Treasurer, another Director appointed by the Chair/President, and the manager or administrator, if any, which Committee shall be responsible for preparation of the draft annual budget of the District and such other matters as may be assigned to it by the Chair/President or the Board.
- c. **Budget.** On or before October 15<sup>th</sup> of each year, the Budget Committee shall prepare and submit to the Board a proposed budget for the ensuing fiscal year. Such proposed budget shall be accompanied by a statement which shall describe the important features of the budget plan and, by a general summary wherein shall be set forth the aggregate features of the budget, in such manner as to show the balanced relations between the total proposed expenditures and the total anticipated income or other means of financing the proposed budget for the ensuing fiscal year, as contrasted with the corresponding figures for the last completed fiscal year and the current fiscal year. The proposed budget shall be supported by explanatory schedules or statements classifying the expenditures contained therein by services, subjects and funds. The anticipated income of the District shall be classified according to the nature of receipts.
- d. **Notice of Budget.** Upon receipt of the proposed budget, the Board shall cause to be published a notice that the proposed budget is open for inspection by the public at the District's business office; that the Board will consider the adoption of the proposed budget at a public hearing on a certain date; and that any interested elector may inspect the proposed budget and file or register any objections thereto at any time prior to its final adoption. Such notice shall be posted or published in substantial compliance with law.

- e. **Adoption of Budget.** On the day set for consideration of such proposed budget, the Board shall review the proposed budget and revise, alter, increase or decrease the items as it deems necessary in view of the needs of the District and the probable income of the District. The Board shall then adopt a budget, either during the budget hearing or at a later date and time to be set by the Board, setting forth the expenditures to be made in the ensuing fiscal year. The Board shall provide for sufficient revenues to finance budgeted expenditures with special consideration given to the proposed ad valorem property tax levy.
- f. **Levy and Collection of Taxes.** On or before December 15<sup>th</sup> of each year, the Board shall certify to the Board of County Commissioners of the County or Counties in which the District is located the mill levy established for the ensuing fiscal year, in order that, at the time and in the manner required by law for the levying of taxes, such Commissioners shall levy such tax upon the assessed valuation of all taxable property within District.
- g. **Filing of Budget.** On or before January 30<sup>th</sup> of each year, the Board shall cause a certified copy of such budget to be filed with the Division of Local Government in the Colorado Department of Local Affairs.
- h. **Appropriating Resolution.**
  - 1. At the time of adoption of the budget, the Board shall enact a resolution making appropriations for the ensuing fiscal year. The amounts appropriated thereunder shall not exceed the amounts fixed therefor in the adopted budget.
  - 2. The income of the District, as estimated in the budget and as provided for in the tax levy resolution and other revenue and borrowing resolutions, shall be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution.
  - 3. The Board may make an appropriation to and for a contingency fund to be used in cases of emergency or for any other unforeseen contingencies.
- i. **No Contract to Exceed Appropriation.** The Board shall have no authority to enter into any contract, or otherwise bind or obligate the District to any liability for payment of money for any purposes for which provision is not made in an appropriation resolution, including any legally authorized amendment thereto, in excess of the amounts of such appropriation for that fiscal year. Any contract, verbal or written, contrary

to the terms of this Section 9 shall be void ab initio, and no District funds shall be expended in payment of such contracts.

j. **Contingencies.**

1. In cases of emergency caused by a natural disaster, public enemy, or other contingency which could not reasonably have been foreseen at the time of the adoption of the budget, the Board may authorize the expenditure of funds in excess of the budget by resolution duly adopted by a two-thirds (2/3) vote of the Board. Such resolution shall set forth in full the facts concerning the emergency and shall be included in the minutes of such meeting.
2. If so enacted, a copy of the resolution authorizing additional expenditures shall be filed with the Division of Local Government in the Colorado Department of Local Affairs and shall be published in compliance with statutory requirements.

k. **Payment of Contingencies.**

1. If there are unexpended or uncommitted money in funds other than those to which the emergency relates, the Board shall transfer such available money to the fund from which the emergency expenditure is to be paid.
2. To the extent that transferable funds are insufficient to meet the emergency appropriation, the Board may borrow money through (a) the issuance of tax anticipation warrants, to the extent that the mill levy authority of the District is available as provided by law, (b) the issuance of bond anticipation notes payable from future bond proceeds or operating revenue, or (c) any other lawful and approved method.

l. **Annual Audit.**

1. The Board shall cause an annual audit (or exemption from audit) to be made at the end of each fiscal year of all financial affairs of the District through December 31<sup>st</sup> of such fiscal year. The audit report must be submitted to the Board within six (6) months of the close of such fiscal year, or as otherwise provided by law. Such audit shall be conducted in accordance with generally accepted auditing standards and by a registered or certified public accountant who has not maintained the books, records and accounts of District during the fiscal year. The auditor shall prepare, and certify as to its accuracy,

an audit report, including a financial statement and balance sheet based on such audit, an unqualified opinion or qualified opinion with explanations, and a full disclosure of any violation of Colorado law, pursuant to statutory requirements.

2. There shall be a permanent Audit Committee composed of the Treasurer and one (1) other member of the Board appointed by the Chair/President. The Audit Committee shall be responsible for the appointment, compensation, selection (to be approved by the Board), retention, and oversight of the work of any independent accountants engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review or attest services for the District. The Audit Committee may, as necessary and to the extent of its ability, provide independent review and oversight of the District's financial reporting processes, internal controls and independent auditors. All accountants thus engaged shall report directly to the Audit Committee.
3. A copy of the audit report shall be maintained by the District as a public record for public inspection at all reasonable times.
4. A copy of the audit report shall be forwarded to the State Auditor or other appropriate State official pursuant to statutory requirements.
5. Notwithstanding the foregoing audit requirements, the Board may file for an application for exemption from audit if the statutory criteria are met.

**SECTION 10. CORPORATE SEAL.** The seal of the District shall be a circle containing the name of the District and shall be used upon all documents and in such a manner as seals generally are used by public and private corporations. The Secretary shall keep, or cause to be kept, the seal and shall be responsible for its safekeeping and care.

**SECTION 11. DISCLOSURE OF CONFLICT OF INTEREST.** A potential conflict of interest of any Director shall be disclosed in accordance with State law, particularly Article 18 of Title 24, C.R.S., and Sections 32-1-902(3) and 18-8-308, C.R.S.

**SECTION 12. COMPENSATION.** Each Director shall receive the maximum compensation authorized by statute, unless otherwise determined by the Board. No Director shall receive compensation as an employee of the District, except as may be provided by statute.

**SECTION 13. INDEMNIFICATION OF DIRECTORS AND EMPLOYEES.** The District shall defend, hold harmless and indemnify any Director, officer, agent, or employee of the District, whether elective or appointive, against any tort or liability, claim or demand, without limitation, arising out of any alleged act or omission occurring during the performance of official duty, as more fully defined by law or by an indemnification resolution, if any. The provisions of this Section 13 shall be supplemental and subject to and, to the extent of any inconsistency therewith, shall be modified by the provisions of the Colorado Governmental Immunity Act, Section 24-10-101, *et seq.*, C.R.S.

**SECTION 14. BIDDING AND CONTRACTING PROCEDURES.** Except in cases in which the District will receive aid from a government agency, a notice shall be published for bids on all construction contracts for work, materials, or both, involving an expense of sixty thousand dollars (\$60,000) or more of District funds. The Board may reject any and all bids, and if it appears that the District can perform the work or secure material for less than the lowest bid, it may proceed to do so in accordance with law. Notwithstanding the foregoing, the District may award an integrated project delivery contract, pursuant to Section 32-1-1801, *et seq.*, C.R.S., upon (i) the determination of the Board that integrated project delivery represents a timely or cost-effective alternative for a project; (ii) publication of a request for qualifications and/or request for proposals; and (iii) compliance with Part 18 of Article 1, Title 32, C.R.S. All other statutory requirements relating to performance bonds, retainage, and similar matters shall also be complied with.

**SECTION 15. RECORDS MANAGEMENT.** The District shall comply with, and adopt and maintain policies as necessary for compliance with, applicable records retention, destruction, and disclosure requirements, including the Colorado Open Records Act, State Archives and Public Records Law, and various consumer privacy legislation. The District manager or administrator, or his/her designee, is hereby designated as the Official Custodian of Records (“Custodian”) pursuant to the Colorado Open Records Act. In the event there is any question as to whether the District is permitted to comply with a Colorado Open Records Act request, the Custodian shall forward such request to the District’s legal counsel. Copies of records shall be furnished at a cost of twenty-five cents (\$.25) per standard 8.5-inch by 11-inch black and white page. The charge for providing a copy, printout or photograph of a public record in a format other than a standard page will be assessed at the actual cost of production. Additionally, in those cases where the location or existence of specific documents must be researched and the documents must be retrieved, sorted or reviewed for applicability to the request, and such process requires more than one (1) hour of staff time, the Custodian may charge a research and retrieval fee not to exceed thirty-three dollars and fifty-eight cents (\$33.58) per hour. The Custodian will not impose a charge for the first (1<sup>st</sup>) hour of time expended in connection with the research and retrieval of public records. The fees and charges

*By: [Signature]*

stated in this Section 15 will automatically be increased to the maximum amounts allowed by law without additional Board action.

**SECTION 16. MODIFICATION OF BYLAWS.** These Bylaws may be altered, amended or repealed at any regular or special meeting of the Board to become effective immediately or at a subsequent date.

**SECTION 17. SEVERABILITY.** If any part or provision of these Bylaws is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of these Bylaws, it being the Board's intention that the various provisions hereof are severable.

**SECTION 18. TERMINATION OF PRIOR BYLAWS.** These Bylaws amend, supersede and replace in their entirety any and all prior Bylaws, and any amendments thereto, previously adopted by the Board.

ADOPTED this 3<sup>rd</sup> day of December, 2020, by the Board of Directors of the Reata South Metropolitan District.

*Marilyn Green*  
\_\_\_\_\_  
*Jeffrey A. Tuck*  
\_\_\_\_\_  
*Jay P. Jones*  
\_\_\_\_\_  
*Bill Johnson*

## The "Lake" at Betts Lake Policies and Procedures

### Authorized Use

1. Recreational use of the Lake is limited to members of Colorado Golf Club, property owners within Colorado Golf Club, guests of both members and property owners, and permittees authorized under a District-issued use permit.
  - a. Guests must be accompanied by a member or property owner at all times.
2. Recreational use of the Lake is also extended to full-time, year-round employees of Colorado Golf Club.

### Hours of Access

1. Any and all activities are limited from dawn to dusk, year-round.
2. No activities permitted when lake is frozen.

### Designated Area for Recreational Activities, Parking and Lake Access

1. Land-use recreational activities are limited to those designated areas which are not adjacent to private property, per the Lake Access Map. (See Lake Access Map)
2. Private property shall be visibly marked as "Private Property" and clearly noted "No Lake Access Beyond This Point". (See Approved Lake Signage Policy)
3. Parking for Lake access is limited to the designated area located at the end of the cul-de-sac on Eagle Moon Way, as shown on the Lake Access Map and visibly marked. (See Lake Access Map and Approved Lake Signage Policy)

### Authorized Recreational Activities

1. Use of non-motorized water craft is authorized. All water craft must be carried down to the Lake from the designated parking area and launched at the water bank. Water craft may not be towed to the water bank by a vehicle.
  - a. All water craft must be removed from the water and Lake area when not in use. Unattended water craft is not permitted at any time.
2. All fishing is catch-and-release only.
3. Use of the Lake shall be at the individual's own risk.

### Restrictions

1. Trespassers are subject to citation, per Title 18 Article 4 Parts 502-504 of the Colorado Revised Statutes. Trespassing is considered a Class 1 Petty Offense which carries a possible penalty of 6 months in jail, up to a \$500.00 fine or both. Appropriate signage shall be in place, per the Approved Lake Signage Policy. (See Approved Lake Signage Policy)
2. No alcoholic beverages, no smoking, no fires, no glass containers, and no camping allowed.
3. All debris must be removed from the premises and properly disposed of, including fishing lines, hooks, paper, containers, etc.
4. Pets are not permitted in the Lake.

### Enforcement

1. Enforcement of the above policies and procedures will be handled by the Reata South Metropolitan District Security Department.
2. Security personnel may call upon the Douglas County Police Department to assist in enforcement, when necessary.

# RESTRICTIONS

- Any and all activities are limited from dawn to dusk.
- Catch and release only.
- Trespassers are subject to citation, per Title 18 Article 4 Parts 502-504 of the Colorado Revised Statutes.
- Trespassing is considered a Class 1 Petty Offense which carries a possible penalty of 6 months in jail, up to a \$500.00 fine or both.
- No alcoholic beverages, no smoking, no fires, no glass containers, and no camping allowed.
- All debris must be removed from the premises and properly disposed of, including fishing lines, hooks, paper, containers, etc.
- Pets are not advised to enter the water. Lake equipment is in use and may be harmful to animals, if not properly attended.



★ Designated Parking—vehicles must park on the northern end of the cul-de-sac, where there are no homes/homesites

★ Designated Lake Access Point—no motorized vehicles allowed

★ All lake activities must be contained in this designated area (shown on map between the 2 green stars). Property outside of this designated area is Private Property

## **NOTICE TO METROPOLITAN DISTRICT RESIDENTS**

House Bill 23-1105 was enacted May 24, 2023 by the Colorado Legislature concerning the creation of task forces to examine issues affecting certain HOA homeowners' and metropolitan district homeowners' rights.

The Metropolitan District Homeowners' Rights Task Force is created in the Colorado Department of Regulatory Agencies, Division of Real Estate, to examine issues confronting communities that are governed by the board of a metropolitan district, including tax levying authority and practices; foreclosure practices; communication with homeowners regarding metropolitan district processes and homeowners' rights and responsibilities; and governance policies, including voting and elections.

The Metropolitan District Homeowners' Rights Task Force members are designated representatives as identified in House Bill 23-1105, and are to be appointed on or before November 1, 2023, by the Chair of the Colorado House of Representatives and by the Office of the Governor; with its first meeting to follow as soon as practicable after all members have been appointed. The Metropolitan District Homeowners' Rights Task Force shall prepare an interim report by March 1, 2024, and a final report by June 15, 2024.

C.R.S. Section 12-10-226.5(2)(b)(V) states that "*A METROPOLITAN DISTRICT SHALL NOTIFY ITS RESIDENTS ABOUT THE TASK FORCE BEFORE THE TASK FORCE HOLDS ITS FIRST MEETING.*"

To view the full language of House Bill 23-1105, please visit:

[https://leg.colorado.gov/sites/default/files/2023a\\_1105\\_signed.pdf](https://leg.colorado.gov/sites/default/files/2023a_1105_signed.pdf)

Reata South Metropolitan District

Financial Statements

Year Ended December 31, 2024

with

Independent Auditors' Report

## CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	i
<u>Management's Discussion and Analysis</u>	iv - vii
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	21
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Capital Projects Fund	22
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	23



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Reata South Metropolitan District  
Douglas County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Reata South Metropolitan District (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2024, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

### Supplemental Information

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

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is fluid and cursive, with "Flynn" on the top line, "CPA" on the middle line, and "LLC" on the bottom line.

Castle Pines, Colorado  
June 4, 2025

**Reata South Metropolitan District**  
**Unincorporated Douglas County, Colorado**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2024**

As management of the Reata South Metropolitan District, unincorporated Douglas County, Colorado (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Reata South Metropolitan District was established in 2005 as a special district proposed to serve the needs of a residential planned development in unincorporated Douglas County, Colorado, generally known as the Colorado Golf Club or Reata South Planned Development (the Development). The District remained inactive for all intents and purposes until 2007 when the infrastructure of the Development was conveyed to the District and general obligation bonds were issued to pay for a portion of the improvements that were transferred to the District.

Accordingly, the activity presented in these financial statements represents all material activity for the District since its inception in 2005.

### **Financial Highlights**

- The liabilities and deferred inflows of resources of the District exceeded its assets at the close of the most recent fiscal year by \$33,020,358 (net position deficit). Of total assets, \$12,350,189 was capital assets (net of accumulated depreciation) of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.
- The District's cash increased by \$1,309,562 during 2024 primarily due to an increase in property taxes and interest income. Overall, the District's total net position decreased by \$615,417 primarily due to an increase in expenses in 2024. It should be noted that the District recognized depreciation expense (a non-cash expense) in the amount of \$856,731 during 2024. Excluding the charge for depreciation expense, net position increased by \$241,314.

### **Overview of the Financial Statements**

This discussion and analysis report is intended to serve as an introduction to the District's basic financial statements. The District's governmental-type fund financial statements are comprised of three components: 1) basic financial statements, 2) notes to the financial statements and 3) required supplementary information that provides comparisons of budget to actual on the US GAAP (Generally Accepted Accounting Principles in the United States of America) budgetary basis.

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

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows or resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements present activities that are intended to recover all or a significant portion of their costs through property and specific ownership taxes, and fees. The government-wide financial statements can be found on pages 1 through 2 of the financial statements.

**Notes to the financial statements** - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by \$33,020,358 at the close of the most recent fiscal year.

By far the largest portion of the District's net position is invested in capital assets, less, any related debt used to acquire those assets is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### District Net Position

	<u>12/31/2024</u>	<u>12/31/2023</u>
Current assets	\$ 4,803,616	\$ 4,996,066
Restricted assets	4,624,433	3,404,497
Capital assets, net of accumulated depreciation	<u>12,350,189</u>	<u>13,116,303</u>
Total assets	<u>21,778,238</u>	<u>21,516,866</u>
Long-term obligations:		
General Obligation Bonds	19,415,107	19,420,414
Funding Agreement	12,266,051	12,266,051
Letter of Credit Draw	2,925,530	2,925,530
Accrued interest payable	18,276,445	17,119,332
Other liabilities	<u>60,064</u>	<u>38,278</u>
Total liabilities	<u>52,943,197</u>	<u>51,769,605</u>
Deferred property tax revenue	<u>1,855,399</u>	<u>2,152,201</u>
Total deferred inflows	1,855,399	2,152,201
Invested in capital assets	(18,786,806)	(18,025,999)
Restricted	32,370	29,331
Unrestricted	<u>(14,265,922)</u>	<u>(14,408,272)</u>
Total net position (deficit)	<u>\$ (33,020,358)</u>	<u>\$ (32,404,940)</u>

## Change in the District's Net Position

	<u>Year Ended</u> <u>December 31,</u> <u>2024</u>	<u>Year Ended</u> <u>December 31,</u> <u>2023</u>
User charges:		
Facility Fees	\$ -	\$ 2,000
Property and specific ownership taxes	2,317,205	1,853,714
Operating service fee	790,331	752,993
Other	<u>379,407</u>	<u>311,003</u>
Total revenues	<u>3,486,943</u>	<u>2,919,710</u>
Expenses		
Operating	1,891,686	1,862,063
Debt service	<u>2,210,674</u>	<u>2,207,513</u>
Total expenses	<u>4,102,360</u>	<u>4,069,576</u>
Other Financing Sources (Uses)	- -	85,000
Decrease (increase) in net position	(615,417)	(1,064,866)
Net position – beginning of year	<u>(32,404,940)</u>	<u>(31,340,074)</u>
Net position – end of year	<u>\$ (33,020,358)</u>	<u>\$ (32,404,940)</u>

### ***Capital Asset and Debt Administration***

**Capital assets** – The District's investment in capital assets for its government-type activities as of December 31, 2024, is \$12,350,189 (net of accumulated depreciation). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements, and vehicles. In 2024, the District purchased new gate security arms, new stop signs and new well lights. All of which are being depreciated.

### **District Capital Assets**

	<u>12/31/2024</u>	<u>12/31/2023</u>
Land	\$ 42,610	\$ 42,610
Streets, equipment and vehicles	12,228,672	13,072,034
Landscape improvements	<u>78,907</u>	<u>1,659</u>
Total	<u>\$ 12,350,189</u>	<u>\$ 13,116,303</u>

**Long-term debt** – In 2018, the District refunded the Series 2007A Bonds for the General Obligation Refunding Bonds Series 2018. This lowered the interest rates to between 5.375% and 5.500% from the rate of 7.250% paid on the Series 2007A Bonds. At the end of the current fiscal year, the District had general obligation debt outstanding for construction of the Development infrastructure in the amount of \$19,330,000 which matures December 1, 2047. The total amount due on the Debt Service Guaranty Agreement is \$2,925,530 and accrued interest of \$1,500,949. The District also had a funding agreement with the developer comprised of \$12,266,051 in principal and accrued interest totaling \$16,687,549. Additional information on the District's long-term debt can be found in Note 4 of the audit footnotes.

## ***Board of Directors Emphasis for the 2024 and 2025 budget years***

The District concentrated on implementing policies and procedures necessary to provide expected services to the Development. The District's infrastructure was substantially completed in prior years.

In developing the budget for the 2025 fiscal year, the District is imposing a 40.000 mill levy to service the bond debt and a 10.000 mill levy to pay a portion of the operating expenses. An operating service fee on each property will be assessed to cover expenditures in excess of the mill levy. The proposed operating service fees in the 2025 budget are \$789,700 and tax revenues are budgeted to be \$371,080 for operations and \$1,484,319 for debt service. Operating expenses are budgeted to be \$1,084,576 and \$32,370 for an emergency reserve. Interest on the Series 2018 Bonds is budgeted to be \$1,055,369. The principal payments on the Series 2018 Bonds do not commence until December 1, 2026. The General Fund ending fund balance reflects a budgeted amount \$1,408,408 as of December 31, 2025, reserved for future infrastructure maintenance and/or replacement. In 2024, the Debt Service Fund met the maximum requirement of the surplus fund of the Series 2018 Bonds. Regarding the Capital Projects Fund, the District has budgeted \$1,350,000 for capital expenditures. This will be funded by a transfer of \$1,350,000 from the General Fund.

## ***Factors Affecting Financial Condition***

Home construction activity has been robust in the Reata South Metro District, resulting in an increase in the assessed valuation from the construction and completion of many new residential units within the boundaries of the District. That, along with the Refinanced Series 2018 Bonds, which lowered the interest rate to 5.375 – 5.5%, over a 2% decrease in the interest rate, has enhanced the District's ability to meet the scheduled repayment of the 2018 Bonds. In 2025, the District is budgeted to show a positive net income minus expense in the Debt Service Fund, thus increasing the Year End fund balance. The Developer Guaranty, which the District was required to draw on previously to meet Bond repayment obligations, has been terminated as a result of the refinancing of the Bonds. Principal and interest as shown on the Balance Sheet are still obligations of the District.

## ***Steps taken by the Board to Increase Forecasted Revenues***

On September 23, 2014, the District entered into a Purchase and Sale Agreement with Betts Lake, LLC (the "Buyer"). The Buyer agreed to purchase approximately 38 acres of the District's Open Space area. The resulting increased density has benefited the District from both the agreed upon proceeds from the sale of additional lots platted in this area and the increase in assessed valuation, resulting in increased tax revenue. The rezoning of this area was approved by Douglas County in 2020, designating two segments: (i) nine (9) custom lots along the north side of Preservation Trail; and (ii) the Village area, which includes 33 patio homes and 1 additional custom lot. The Village area is west of the intersection of Preservation Trail and Forest Keep Circle. The County approved the final plat of the nine custom lots in April 2021 and infrastructure construction began in September 2021. The final plat for the Village area was presented to the County at the end of 2021 and was approved in 2022. The last custom lot was sold in 2023.

## ***Requests for Information***

**This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:**

District Accountant – Reata South Metropolitan District  
Simmons & Wheeler P.C.  
304 Inverness Way South, Suite 490  
Englewood, CO 80112

Reata South Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION (DEFICIT)

GOVERNMENTAL FUNDS

December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 2,872,636	\$ -	\$ -	\$ 2,872,636	\$ -	\$ 2,872,636
Cash and investments - restricted	32,370	4,592,063	-	4,624,433	-	4,624,433
Accounts receivable:						
Cash with county treasurer	1,253	13,197	-	14,450	-	14,450
Taxes receivable	371,080	1,484,319	-	1,855,399	-	1,855,399
Operating service fees	24,687	-	-	24,687	-	24,687
Other	1,250	-	-	1,250	-	1,250
Prepaid expenses	35,194	-	-	35,194	-	35,194
Capital assets not being depreciated	-	-	-	-	42,610	42,610
Capital assets, net of accumulated depreciation	-	-	-	-	12,307,579	12,307,579
<b>Total Assets:</b>	<b><u>\$ 3,338,470</u></b>	<b><u>\$ 6,089,579</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,428,049</u></b>	<b><u>12,350,189</u></b>	<b><u>21,778,238</u></b>
<b>LIABILITIES</b>						
Accounts payable	60,064	\$ -	\$ -	\$ 60,064	-	60,064
Accrued interest	-	-	-	-	18,276,445	18,276,445
Long-term liabilities:						
Due in more than one year	-	-	-	-	34,606,688	34,606,688
<b>Total Liabilities</b>	<b><u>60,064</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>60,064</u></b>	<b><u>52,883,133</u></b>	<b><u>52,943,197</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenue	371,080	1,484,319	-	1,855,399	-	1,855,399
<b>Total Deferred Inflows of Resources</b>	<b><u>371,080</u></b>	<b><u>1,484,319</u></b>	<b><u>-</u></b>	<b><u>1,855,399</u></b>	<b><u>-</u></b>	<b><u>1,855,399</u></b>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Nonspendable:						
Prepays	35,194	-	-	35,194	(35,194)	-
Restricted:						
Emergencies	32,370	-	-	32,370	(32,370)	-
Debt service	-	4,605,260	-	4,605,260	(4,605,260)	-
Assigned:						
Maintenance reserve	2,426,311	-	-	2,426,311	(2,426,311)	-
Unassigned	<u>413,451</u>	<u>-</u>	<u>-</u>	<u>413,451</u>	<u>(413,451)</u>	<u>-</u>
<b>Total Fund Balances</b>	<b><u>2,907,326</u></b>	<b><u>4,605,260</u></b>	<b><u>-</u></b>	<b><u>7,512,586</u></b>	<b><u>(7,512,586)</u></b>	<b><u>-</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 3,338,470</u></b>	<b><u>\$ 6,089,579</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,428,049</u></b>		
Net Position:						
Net investment in capital assets					(18,786,806)	(18,786,806)
Restricted for:						
Emergencies					32,370	32,370
Unrestricted					<u>(14,265,922)</u>	<u>(14,265,922)</u>
<b>Total Net Position (Deficit)</b>	<b><u>\$ (33,020,358)</u></b>	<b><u>\$ (33,020,358)</u></b>				

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

Reata South Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
Accounting	\$ 39,205	\$ -	\$ -	\$ 39,205	\$ -	\$ 39,205
Audit	8,500	-	-	8,500	-	8,500
Legal	28,672	-	-	28,672	-	28,672
Legal - Special projects	9,381	-	-	9,381	-	9,381
Security Personnel	315,114	-	-	315,114	-	315,114
District manager	107,728	-	-	107,728	-	107,728
Payroll taxes	36,372	-	-	36,372	-	36,372
Payroll processing fee	7,481	-	-	7,481	-	7,481
Workers' comp insurance	16,472	-	-	16,472	-	16,472
Security equip/supplies	12,973	-	-	12,973	-	12,973
Access control operating system	21,200	-	-	21,200	-	21,200
Vehicle expenses	7,501	-	-	7,501	-	7,501
Fuel/repair/equip	9,527	-	-	9,527	-	9,527
Building maintenance	7,378	-	-	7,378	-	7,378
Landscape maintenance - entries	29,181	-	-	29,181	-	29,181
Insurance (incl: vehicles)	18,273	-	-	18,273	-	18,273
Office expense	4,732	-	-	4,732	-	4,732
Website	1,046	-	-	1,046	-	1,046
Utilities - electric	11,345	-	-	11,345	-	11,345
Utilities - locates	10	-	-	10	-	10
Utilities - cell phone	2,032	-	-	2,032	-	2,032
Utilities - irrigation water	11,475	-	-	11,475	-	11,475
Gate repair & maintenance	5,730	-	-	5,730	-	5,730
Monument maintenance	4,548	-	-	4,548	-	4,548
Miscellaneous	862	-	-	862	-	862
Fence repair & replacement	5,160	-	-	5,160	-	5,160
Pest control	63,201	-	-	63,201	-	63,201
Landscape improvements	4,757	-	-	4,757	-	4,757
Weed control:						
Mowing	13,270	-	-	13,270	-	13,270
Spraying	8,554	-	-	8,554	-	8,554
Sidewalk repair & maintenance	10,162	-	-	10,162	-	10,162
Curb, gutter and pavers repair	4,100	-	-	4,100	-	4,100
Streets-sweeping & maintenance	55,026	-	-	55,026	-	55,026
Streets-snow removal	57,491	-	-	57,491	-	57,491
Storm Drain Maintenance	9,788	-	-	9,788	-	9,788
Erosion Control	6,169	-	-	6,169	-	6,169
Trail maintenance	15,650	-	-	15,650	-	15,650
Lake maintenance	31,513	-	-	31,513	-	31,513
Memberships-Special Districts Pool	917	-	-	917	-	917
Treasurer fees	2,814	29,645	-	32,459	-	32,459
Interest expense	-	1,055,369	-	1,055,369	1,151,805	2,207,174
Paying agent fees	-	3,500	-	3,500	-	3,500
Capital outlay	-	-	90,617	90,617	(90,617)	-
Depreciation	-	-	-	-	856,731	856,731
<b>Total Expenditures</b>	<b>1,005,310</b>	<b>1,088,514</b>	<b>90,617</b>	<b>2,184,441</b>	<b>1,917,919</b>	<b>4,102,360</b>
<b>PROGRAM REVENUES</b>						
Operating service fees	790,331	-	-	790,331	-	790,331
<b>Total Program Revenues</b>	<b>790,331</b>	<b>-</b>	<b>-</b>	<b>790,331</b>	<b>-</b>	<b>790,331</b>
<b>Net Program Income (Expenses)</b>	<b>(214,979)</b>	<b>(1,088,514)</b>	<b>(90,617)</b>	<b>(1,394,110)</b>	<b>(1,917,919)</b>	<b>(3,312,029)</b>
<b>GENERAL REVENUES</b>						
Property taxes	186,921	1,969,077	-	2,155,998	-	2,155,998
Specific ownership taxes	13,977	147,230	-	161,207	-	161,207
Interest income	185,417	192,920	-	378,337	-	378,337
Miscellaneous income	1,070	-	-	1,070	-	1,070
<b>Total General Revenues</b>	<b>387,385</b>	<b>2,309,227</b>	<b>-</b>	<b>2,696,612</b>	<b>-</b>	<b>2,696,612</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>172,406</b>	<b>1,220,713</b>	<b>(90,617)</b>	<b>1,302,502</b>	<b>(1,917,919)</b>	<b>(615,417)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in/(out)	(90,617)	-	90,617	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(90,617)</b>	<b>-</b>	<b>90,617</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>81,789</b>	<b>1,220,713</b>	<b>-</b>	<b>1,302,502</b>	<b>(1,302,502)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>					<b>(615,417)</b>	<b>(615,417)</b>
<b>FUND BALANCES/NET POSITION (DEFICIT):</b>						
BEGINNING OF YEAR	2,825,537	3,384,547	-	6,210,084	(38,615,024)	(32,404,940)
END OF YEAR	\$ 2,907,326	\$ 4,605,260	\$ -	\$ 7,512,586	\$ (40,532,944)	\$ (33,020,358)

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

Reata South Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND  
For the Year Ended December 31, 2024

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 186,592	\$ 186,921	\$ 329
Specific ownership taxes	11,260	13,977	2,717
Operating service fees	789,700	790,331	631
Interest income	100,000	185,417	85,417
Miscellaneous income	500	1,070	570
<b>Total Revenues</b>	<b>1,088,052</b>	<b>1,177,716</b>	<b>89,664</b>
<b>EXPENDITURES</b>			
Accounting	26,000	39,205	(13,205)
Audit	8,500	8,500	-
Legal	30,000	28,672	1,328
Legal - Special projects	15,000	9,381	5,619
Security Personnel	323,957	315,114	8,843
District manager	104,946	107,728	(2,782)
Payroll taxes	32,811	36,372	(3,561)
Payroll processing fee	8,000	7,481	519
Workers' comp insurance	12,167	16,472	(4,305)
Security equip/supplies	13,300	12,973	327
Access control operating system	24,600	21,200	3,400
Vehicle expenses	10,130	7,501	2,629
Fuel/repair/equip	9,000	9,527	(527)
Building maintenance	8,000	7,378	622
Landscape maintenance - entries	29,300	29,181	119
Insurance (incl: vehicles)	16,000	18,273	(2,273)
Office expense	5,500	4,732	768
Website	2,400	1,046	1,354
Utilities - electric	11,500	11,345	155
Utilities - locates	-	10	(10)
Utilities - cell phone	2,200	2,032	168
Utilities - irrigation water	10,000	11,475	(1,475)
Gate repair & maintenance	15,000	5,730	9,270
Monument maintenance	6,500	4,548	1,952
Miscellaneous	1,000	862	138
Fence repair & replacement	5,000	5,160	(160)
Pest control	58,400	63,201	(4,801)
Landscape improvements	5,000	4,757	243
Weed control:			
Mowing	16,500	13,270	3,230
Spraying	8,000	8,554	(554)
Sidewalk repair & maintenance	10,000	10,162	(162)
Curb, gutter and pavers repair	5,000	4,100	900
Streets-sweeping & maintenance	55,000	55,026	(26)
Streets-snow removal	35,000	57,491	(22,491)
Storm Drain Maintenance	10,000	9,788	212
Erosion Control	-	6,169	(6,169)
Trail maintenance	15,000	15,650	(650)
Lake maintenance	28,000	31,513	(3,513)
Memberships-Special Districts Pool	1,000	917	83
Treasurer fees	2,800	2,814	(14)
Contingency	312,097	-	312,097
Emergency reserves	29,331	-	29,331
<b>Total Expenditures</b>	<b>1,321,939</b>	<b>1,005,310</b>	<b>316,629</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(233,887)</b>	<b>172,406</b>	<b>406,293</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out)	(100,000)	(90,617)	9,383
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>	<b>(90,617)</b>	<b>9,383</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(333,887)</b>	<b>81,789</b>	<b>415,676</b>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	2,760,198	2,825,537	65,339
END OF YEAR	<u>\$ 2,426,311</u>	<u>\$ 2,907,326</u>	<u>\$ 481,015</u>

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

1: Summary of significant accounting policies:

The accounting policies of the Reata South Metropolitan District (the “District”), located in Douglas County, Colorado, (the “County”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in November 2005, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amended GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

The District employs security personnel and a facility manager; all other functions are contracted.

Basis of Presentation

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

The District reports the following governmental funds:

General fund – is the general operating fund of the District. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Debt service fund – accounts for the accumulation of resources for the repayment of long-term debt.

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

Budgetary Accounting

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

Assets, Liabilities, Deferred Inflows/Inflows of Resources and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

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 minimum number of bank accounts. 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.

Estimates

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

Interfund balances

Activities between funds are representative of lending/borrowing arrangements outstanding at the end of the year and are reported as "internal balances" on the Statement of Net Position. Transactions that transfer revenue/expenditures between funds are reported as "transfer to/from other funds" on the Statement of Activities. These amounts are eliminated in the applicable statements.

Property taxes

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

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

Original issue premium

The original issue premium from the Series 2018 Bonds (See Note 4) is being amortized over the term of the bonds using the interest method. Accumulated amortization of the original issue premium amounted to \$35,754 at December 31, 2024.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

Capital assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable, using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	30 years
Landscaping	10 years
Vehicles, equipment, and computer equipment	5 years

Deferred inflows / outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

Fund Equity

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$35,194 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$32,370 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$4,605,260 is restricted for the payment of the debt service costs associated with the Series 2018 Bonds (see Note 4).

Committed Fund Balance

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

Assigned Fund Balance

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

The assigned fund balance in the General Fund of \$2,426,311 represents amounts to be used for infrastructure maintenance and/or replacement.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

Net position

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

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

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

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

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

2. Cash and investments:

As of December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 2,872,636
Cash and investments - Restricted	<u>4,624,433</u>
Total	<u>\$ 7,497,069</u>

Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 215,879
Investments - COLOTRUST	4,484,241
Investments - CSAFE	<u>2,796,949</u>
	<u>\$ 7,497,069</u>

Deposits:

Custodial Credit Risk

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

Investments:

Investment Valuation

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

As of December 31, 2024, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”), is rated AAAm by Standard & Poor’s for the COLOTRUST Plus+ and the COLOTRUST Prime portfolios and the Edge portfolio is rated AAAf/S1 in Fitch Ratings, with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST Plus+. COLOTRUST Plus+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2024, the District had \$4,484,241 invested in COLOTRUST Plus+.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (“CSAFE”) is rated AAAmmf by Fitch Ratings with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians’ internal records identify the investments owned by CSAFE. At December 31, 2024, the District had \$2,796,949 invested in CSAFE.

Credit Risk

The District’s investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

3. Capital assets:

Capital asset activity for the year ended December 31, 2024, was as follows:

Governmental Type Activities:	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
<i>Capital assets not being depreciated:</i>				
Land and buildings	\$ 42,610	\$ -	\$ -	\$ 42,610
Total capital assets not being depreciated	42,610	-	-	42,610
<i>Capital assets being depreciated:</i>				
Streets	25,300,874	-	-	25,300,874
Equipment	50,426	90,617	-	141,043
Computer Equipment	7,460	-	-	7,460
Landscape Improvement	16,568	-	-	16,568
Vehicles	12,085	-	-	12,085
Total capital assets being depreciated	25,387,413	90,617	-	25,478,030
<i>Accumulated Depreciation:</i>				
Streets	(12,228,840)	(843,362)	-	(13,072,202)
Equipment	(50,426)	(12,537)	-	(62,963)
Computer Equipment	(7,460)	-	-	(7,460)
Landscape Improvement	(14,909)	(832)	-	(15,741)
Vehicles	(12,085)	-	-	(12,085)
Total accumulated depreciation	(12,313,720)	(856,731)	-	(13,170,451)
Net capital assets being depreciated	13,073,693	(766,114)	-	12,307,579
Government type assets, net	\$ 13,116,303	\$ (766,114)	\$ -	\$ 12,350,189

The District retains the right to maintain ownership in certain facilities and/or retain responsibility for operations and maintenance. The Board authorized the District to set aside funds for the maintenance and / or replacement of assets. It is reflected on the Balance Sheet as a Maintenance reserve in the amount of \$2,426,311.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

4. Long-term debt:

The District issued bonds to provide funds for the acquiring, designing, constructing, relocating, installing, and completing water, sanitation, street, and parks and recreation improvements and facilities.

Changes in long - term debt obligations for the year ended December 31, 2024, are as follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Current Portion
<i>General Obligation Bonds</i>					
General Obligation Bonds - 2018	\$ 19,330,000	\$ -	\$ -	\$ 19,330,000	\$ -
Original issue premium	90,414	-	5,308	85,107	-
Total	<u>19,420,414</u>	<u>-</u>	<u>5,308</u>	<u>19,415,107</u>	<u>-</u>
<i>Other - Developer Advances</i>					
Funding agreement	12,266,051	-	-	12,266,051	-
Developer guaranty agreement	2,925,530	-	-	2,925,530	-
Total	<u>15,191,581</u>	<u>-</u>	<u>-</u>	<u>15,191,581</u>	<u>-</u>
Total Debt	<u><u>\$ 34,611,995</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,308</u></u>	<u><u>\$ 34,606,688</u></u>	<u><u>\$ -</u></u>

General Obligation Refunding Bonds Series 2018

On March 6, 2018, the District issued the Limited Tax General Obligation Refunding Bonds Series 2018, (the “Series 2018 Bonds”), in the amount of \$19,330,000, for refunding of the outstanding Limited Tax General Obligation Bonds Series 2007A. The Series 2018 Bonds are term bonds due on December 1, 2047. The Series 2018 Bonds bear interest at rates between 5.375% and 5.500%, payable semiannually on each June 1 and December 1, commencing on June 1, 2018. The Series 2018 Bonds are secured by Pledged Revenues including a Required Mill Levy, Specific Ownership Taxes, Facility Fees, and other legally available funds that the District deems appropriate. The District is required to impose a mill levy of 50 mills, adjusted for changes in the calculations of assessed valuations, until the Surplus Fund exceeds \$3,866,000 or the ratio of outstanding debt to assessed valuation is 50% or less. The District realized a net present value savings of \$2,536,539 by refunding the Series 2007A Bonds.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

The Series 2018 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026, and thereafter	0.00

Accrued interest at December 31, 2024, on the Series 2018 Bonds was \$87,947.

The District's annual debt service requirements to maturity for the Series 2018 Bonds are as follows:

	Principal	Interest	Total
2025	\$ -	\$ 1,055,369	\$ 1,055,369
2026	300,000	1,055,369	1,355,369
2027	340,000	1,039,244	1,379,244
2028	385,000	1,020,968	1,405,968
2029	405,000	1,000,275	1,405,275
2030-2034	2,660,000	4,629,425	7,289,425
2035-2039	3,845,000	3,793,381	7,638,381
2040-2044	5,465,000	2,572,900	8,037,900
2045-2047	5,930,000	754,875	6,684,875
	<u>\$ 19,330,000</u>	<u>\$ 16,921,806</u>	<u>\$ 36,251,806</u>

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

*Debt Service Guaranty Agreement*

The District entered into a Debt Service Guaranty Agreement (the “2007 Guaranty”) dated August 1, 2007, with Colorado Golf Club, LLC (the “Developer”) and Colorado State Bank & Trust (“2007 Trustee”). The Developer agreed to guarantee the payment of the principal and interest on the Series 2007A Bonds in the amount of \$6,500,000. Subsequently, this amount was reduced to \$3,250,000 in the form of a Letter of Credit. In 2014, the Letter of Credit was cashed out by the Developer, with the proceeds held by the 2007 Trustee to be used by the District for shortfalls in debt service payments on the Series 2007A Bonds. The repayment of the 2007 Guaranty funds to the Developer is subordinate to the General Obligation Bonds. During 2011, Betts Lake, LLC, in its capacity as the sole member of CGC Real Estate, LLC and CGC Real Estate II, LLC, became the successor in interest to the Developer’s interest in the 2007 Guaranty. In 2018, the District redeemed the Series 2007A Bonds with proceeds from the issuance of the Series 2018 Bonds, and the remaining funds from the 2007 Guaranty were no longer needed. As of December 31, 2024, the District had used \$2,925,530 of such funds to make debt service payments on the original Series 2007A Bonds. Accrued interest is based on a rate per annum which is 325 basis points in excess of the MMD benchmark yields for AAA bonds on the date of creation of any drawn amount. As of December 31, 2024, accrued interest is \$1,500,949. The District still has the obligation to repay this principal and interest to the Developer.

*Funding Agreement - Developer*

On February 9, 2006, the District entered into a Funding Agreement with the Developer, whereby the Developer agreed to loan the District one or more sums of money not to exceed \$29,000,000 for capital expenses and certain operating expenses. The advances bear simple interest at a rate of 8% per annum from the date any advance is made. During 2011, Betts Lake, LLC, in its capacity as the sole member of CGC Real Estate, LLC and CGC Real Estate II, LLC, became the successor in interest to the Developer’s interest in the Funding Agreement. The Funding Agreement is subordinate to the General Obligation Bonds. The collection of any revenues to repay the agreement is at the Board’s discretion and is subject to annual appropriation by the Board in any given year. The Funding Agreement terminates on Dec. 1, 2036, at which time all terms and provisions of this Agreement, including the provisions related to repayment shall terminate completely and unconditionally. The principal balance as of December 31, 2024 was \$12,266,051 with accrued interest of \$16,687,549.

5. *Debt Authorization:*

In 2005, the electors of the District authorized the issuance of indebtedness of \$135,450,000 for public improvements. As of December 31, 2024, the amount of debt authorized by the District’s electorate but unissued was \$112,850,000. The District has not budgeted to issue any new debt in 2024. Per the District’s Service Plan, the District cannot issue debt in excess of \$19,350,000.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

6. Agreements:

*Purchase and Sale Agreement*

On September 23, 2014, the District entered into a Purchase and Sale Agreement with Betts Lake, LLC (the “Buyer”), pursuant to which the Buyer agreed to purchase approximately 38 acres of Reata Open Space land. Since that date, this Agreement was amended eighteen (18) times by the parties, the latest of which is dated December 6, 2021. The resulting increased density consists of two distinct areas: (i) nine (9) custom lots (each a “Custom Lot”) along the north side of Preservation Trail; and (ii) the Village lots comprised of 33 single family cluster homes (each a “Village Lot”) and one (1) custom lot (each a “Custom Lot”) northwest of the intersection of Preservation Trail and Forest Keep Circle. The Buyer received Douglas County rezoning approval in 2020 for both the Village Lots and Custom Lots. The Buyer’s final plat submission for the 9 Custom Lots along Preservation Trail was approved by Douglas County in April 2021. In 2021, the Buyer sold 8 Custom Lots for which the District received \$693,400 in proceeds. The remaining Custom Lot, and 33 of the Village Lots were sold in 2022 for which the District received a total of \$1,405,277. In 2023, the last lot was sold for \$85,000.

*Facility fees*

Facility Fees are imposed and collected by the District in the amount of \$2,000 per residential lot and \$.50 per square foot of constructed commercial building. The fees are due and payable pursuant to the Fee Resolution as follows: i) residential lots purchased prior to January 1, 2007, are due on the date that the water connection permit for a building improvement is issued, ii) fees on residential lots purchased after January 1, 2007, are due on the date of conveyance of such lots, and iii) commercial building fees are due on the date of issuance of water connection permit. The fees are paid or remitted to the District to be applied to fund the costs of construction, completion, maintenance, or replacement of the Facilities, including the payment of the Bonds used for financing the facilities. In 2024, the District received \$0 in Facility Fee Revenue.

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

7. Risk Management:

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

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. No distributions were made during the year ended December 31, 2024.

8. Tax, spending and debt limitations:

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

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

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

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

Reata South Metropolitan District

Notes to Financial Statements  
December 31, 2024

On November 1, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

9: Interfund and Operating Transfers

The transfer of \$90,617 from the General Fund to Capital Projects Fund was transferred for the purpose of purchasing a water tap for new irrigation.

10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements:

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

- 1) capital improvements used in government activities are not financial resources and, therefore, are not reported in the funds; and
- 2) unamortized debt insurance, deferred cost on refunding and original issue premium are not financial resources and, therefore are not reported in the funds; and,
- 3) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

- 1) governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the costs of those assets are depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.

## SUPPLEMENTAL INFORMATION

Reata South Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND  
For the Year Ended December 31, 2024

	Original and <u>Final Budget</u>	Actual	Variance (Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 1,965,609	\$ 1,969,077	\$ 3,468
Specific ownership taxes	118,586	147,230	28,644
Interest income	<u>120,000</u>	<u>192,920</u>	<u>72,920</u>
<b>Total Revenues</b>	<b><u>2,204,195</u></b>	<b><u>2,309,227</u></b>	<b><u>105,032</u></b>
<b>EXPENDITURES</b>			
Interest expense	1,055,369	1,055,369	-
Trustee fees	10,000	3,500	6,500
Treasurers fees	<u>29,484</u>	<u>29,645</u>	<u>(161)</u>
<b>Total Expenditures</b>	<b><u>1,094,853</u></b>	<b><u>1,088,514</u></b>	<b><u>6,339</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,109,342</b>	<b>1,220,713</b>	<b>111,371</b>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>3,293,581</u>	<u>3,384,547</u>	<u>90,966</u>
END OF YEAR	<b><u>\$ 4,402,923</u></b>	<b><u>\$ 4,605,260</u></b>	<b><u>\$ 202,337</u></b>

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

## Reata South Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUND  
For the Year Ended December 31, 2024

	<u>Original and</u>	<u>Actual</u>	Variance
	<u>Final Budget</u>		Favorable (Unfavorable)
<b>REVENUES</b>			
Interest income	\$ _____ -	\$ _____ -	\$ _____ -
Total Revenues	_____ -	_____ -	_____ -
<b>EXPENDITURES</b>			
Capital improvements	100,000	90,617	9,383
Total Expenditures	100,000	90,617	9,383
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(100,000)	(90,617)	9,383
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out)	100,000	90,617	(9,383)
Total Other Financing Sources (Uses)	100,000	90,617	(9,383)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	_____ -	_____ -	_____ -
END OF YEAR	<u>\$</u> _____ -	<u>\$</u> _____ -	<u>\$</u> _____ -

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

## Reata South Metropolitan District

### SUMMARY OF ASSESSED VALUATION, MILL LEVY

### AND PROPERTY TAXES COLLECTED

December 31, 2024

<b>Year Ended</b> <b><u>December 31,</u></b>	<b>Prior Year Assessed Valuation for Current Year Property</b>	<b>Mills Levied</b>		<b>Total Property Tax</b>		<b>Percent Collected to Levied</b>
		<b>Tax Levy</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Levied</b>	<b>Collected</b>
2007	\$ 4,434,170	45.000	0.000	\$ 199,538	\$ 199,537	100.00%
2008	\$ 8,303,900	10.000	40.000	\$ 415,195	\$ 418,548	100.81%
2009	\$ 20,390,300	10.000	40.000	\$ 1,019,515	\$ 890,706	87.37%
2010	\$ 26,229,470	10.000	40.000	\$ 1,311,474	\$ 1,311,471	100.00%
2011	\$ 26,792,560	10.000	40.000	\$ 1,339,628	\$ 1,339,855	100.02%
2012	\$ 15,678,560	5.000	50.000	\$ 862,321	\$ 848,895	98.44%
2013	\$ 16,021,120	5.000	50.000	\$ 881,162	\$ 875,070	99.31%
2014	\$ 14,280,955	5.000	50.000	\$ 785,453	\$ 771,288	98.20%
2015	\$ 14,237,820	5.000	50.000	\$ 783,080	\$ 783,080	100.00%
2016	\$ 14,596,380	5.000	50.000	\$ 802,801	\$ 802,801	100.00%
2017	\$ 14,827,420	5.000	50.000	\$ 815,508	\$ 815,509	100.00%
2018	\$ 13,063,460	5.266	52.664	\$ 756,766	\$ 756,766	100.00%
2019	\$ 14,312,600	5.291	52.916	\$ 833,094	\$ 747,012	89.67% (1)
2020	\$ 22,372,410	5.274	52.734	\$ 1,297,780	\$ 1,295,197	99.80%
2021	\$ 23,756,390	5.305	53.054	\$ 1,386,400	\$ 1,382,093	99.69%
2022	\$ 27,264,750	5.321	53.214	\$ 1,595,942	\$ 1,595,942	100.00%
2023	\$ 28,899,210	5.411	54.124	\$ 1,720,515	\$ 1,694,163	98.47%
2024	\$ 34,483,760	5.411	57.001	\$ 2,152,201	\$ 1,694,163	78.72%
Estimated for year ending December 31,						
2025	\$ 37,107,970	10.000	40.000	\$ 1,855,399		

#### **NOTES:**

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

(1) In 2019, there were some abatements within the boundaries of the District resulting in a net reduction of revenue by \$84,735.

# Website Accessibility Statement

At Reata South Metropolitan District and <https://www.reatasouthmetrodistrict.com/> we are committed to making our services broadly accessible, including ensuring digital accessibility to all users regardless of ability. We are continually improving the user experience for everyone and applying the relevant accessibility standards.

We aim to adhere as closely as possible to the Web Content Accessibility Guidelines (WCAG 2.0), published by the World Wide Web Consortium (W3C). These guidelines explain how to make Web content more accessible for people with disabilities.

Our accessibility tests on the site's pages include (but are not limited to) testing for the following: correct heading structure, good keyboard operability, sufficient color contrast, and screen reader support. We are aware of some areas on the website where we could improve accessibility. We are continually seeking out solutions that will bring all areas of the site up to the same level of overall web accessibility.

## Ongoing Compliance Information

### Compliance Officer

Reata South Metropolitan District has designated Kristin Herndon as compliance officer for website disability-related accommodations. The compliance officer has received training in website accessibility and updates the site in accordance with those best practices.

### Compliance Procedures and Reports

In addition to statutory revisions, Reata South Metropolitan District regularly scans its website to ensure ongoing compliance, and makes timely changes to any inaccessible changes, if any are found.

### Report an Accessibility Issue

We welcome your feedback on the accessibility of <https://www.reatasouthmetrodistrict.com/> and can often resolve issues in a timely manner if they arise. Please let us know if you encounter accessibility barriers on <https://www.reatasouthmetrodistrict.com/> by e-mail to: Kristin Herndon, Accessibility Compliance Officer, [kherndon@cegrlaw.com](mailto:kherndon@cegrlaw.com).