

**ROCK CANYON
METROPOLITAN DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

**ROCK CANYON METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rock Canyon Metropolitan District
Douglas County, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, 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. 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.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Duggio & Associates, P.C.

October 2, 2024

BASIC FINANCIAL STATEMENTS

**ROCK CANYON METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,260
Cash and Investments - Restricted	224,855
Property Tax Receivable	174,690
Receivable from County Treasurer	617
Total Assets	401,422
LIABILITIES	
Accounts Payable	12,836
Accrued Interest	164,911
Noncurrent Liabilities:	
Due Within One Year	19,000
Due in More Than One Year	2,100,842
Total Liabilities	2,297,589
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	174,690
Total Deferred Inflows of Resources	174,690
NET POSITION	
Restricted for:	
Emergency Reserve	800
Net Position - Unrestricted	(2,071,657)
Total Net Position	\$ (2,070,857)

See accompanying Notes to Basic Financial Statements.

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

	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 38,186	\$	\$	\$	\$ (38,186)
Interest on Long-Term Debt and Related Costs	139,838	-	-	-	(139,838)
Total Governmental Activities	\$ 178,024	\$	\$	\$	(178,024)
GENERAL REVENUES					
Property taxes					102,854
Specific ownership taxes					9,538
Interest income					12,069
Total General Revenues and Transfers					124,461
CHANGES IN NET POSITION					
					(53,563)
Net Position - Beginning of Year					(2,017,294)
NET POSITION - END OF YEAR					
					<u>\$ (2,070,857)</u>

See accompanying Notes to Basic Financial Statements.

**ROCK CANYON METROPOLITAN DISTRICT
BALANCE SHEET -
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS	General	Debt Service	Total Governmental Funds
Cash and Investments	\$ 1,260	\$	\$ 1,260
Cash and Investments - Restricted	800	224,055	224,855
Receivable from County Treasurer	142	475	617
Property Tax Receivable	40,313	134,377	174,690
Total Assets	L 42,515	L 358,907	L 401,422
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 12,836	\$	\$ 12,836
Total Liabilities	12,836	-	12,836
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	40,313	134,377	174,690
Total Deferred Inflows of Resources	40,313	134,377	174,690
FUND BALANCES			
Restricted for:			
Emergency Reserves	800		800
Debt Service		224,530	224,530
Unassigned	(11,434)		(11,434)
Total Fund Balances	(10,634)	224,530	213,896
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	L 42,515	L 358,907	

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

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

Accrued Interest Payable - Bonds	(164,911)
Bonds Payable	(2,035,000)
Developer Advance Payable	(75,227)
Accrued Developer Advance Interest	(9,615)

Net Position of Governmental Activities	L (2,070,857)
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See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Total Governmental Funds
REVENUES			
Property taxes	\$ 23,734	\$ 79,120	\$ 102,854
Specific ownership taxes	2,201	7,337	9,538
Interest income	215	11,854	12,069
Total Revenues	26,150	98,311	124,461
EXPENDITURES			
Current:			
Accounting	16,355	-	16,355
Auditing	4,900	-	4,900
County Treasurer's Fee	356	1,187	1,543
Dues and membership	411		411
Election	1,872		1,872
Insurance	3,024		3,024
Legal	11,238		11,238
Miscellaneous	30		30
Debt Service:			
Bond interest	-	81,850	81,850
Paying agent fees	-	7,000	7,000
Total Expenditures	38,186	90,037	128,223
NET CHANGE IN FUND BALANCES	(12,036)	8,274	(3,762)
Fund Balances - Beginning of Year	1,402	216,256	217,658
FUND BALANCES - END OF YEAR	\$ (10,634)	\$ 224,530	\$ 213,896

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds	\$	(3,762)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Accrued Interest Payable Bonds - Change in Liability		(44,742)
Accrued Interest Payable Developer Advance - Change in Liability		<u>(5,059)</u>

Changes in Net Position of Governmental Activities	\$	<u>(53,563)</u>
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**ROCK CANYON METROPOLITAN DISTRICT
GENERAL FUND-
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 23,734	\$ 23,734	\$
Specific ownership taxes	2,136	2,201	65
Interest income	80	215	135
Total Revenues	<u>25,950</u>	<u>26,150</u>	<u>200</u>
EXPENDITURES			
Accounting	31,500	16,355	15,145
Auditing	5,000	4,900	100
Contingency	444	-	444
County Treasurer's Fee	356	356	-
Directors' fees	200	-	200
Dues and membership	500	411	89
Election	1,000	1,872	(872)
Insurance	3,500	3,024	476
Legal	16,000	11,238	4,762
Miscellaneous	-	30	(30)
Website	1,500	-	1,500
Total Expenditures	<u>60,000</u>	<u>38,186</u>	<u>21,814</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(34,050)	(12,036)	22,014
OTHER FINANCING SOURCES (USES)			
Developer advance	30,000	-	(30,000)
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
NET CHANGE IN FUND BALANCE	(4,050)	(12,036)	(7,986)
Fund Balance - Beginning of Year	<u>6,081</u>	<u>1,402</u>	<u>(4,679)</u>
FUND BALANCE - END OF YEAR	<u>J 2,031</u>	<u>\$ (10,634)</u>	<u>\$ (12,665)</u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Rock Canyon Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by Order and Decree of the District Court in and for Douglas County, Colorado on February 22, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised statutes).

At a special election of the eligible electors of the District on November 6, 2018, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the acquisition, construction, installation, and completion of certain public improvements.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

Property Taxes

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net asset that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 1,260
Cash and Investments - Restricted	<u>224,855</u>
Total Cash and Investments	<u>\$ 226,115</u>

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

Deposits with Financial Institutions	\$ 3,166
Investments	<u>222,949</u>
Total Cash and Investments	<u>\$ 226,115</u>

Cash Deposits

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

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

At December 31, 2023, the District's cash deposits had a bank and carrying balance of \$3,166.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

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

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

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

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

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

Investment	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 222,949
Total		222,949

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which 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 currently offers two portfolios - CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates 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, highest rated commercial paper and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. 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 custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable					
General Obligation Bonds					
Series 2020A Bonds	\$ 1,637,000	\$ -	\$ -	\$ 1,637,000	\$ 19,000
Series 2020B Bonds	398,000	-	-	398,000	-
Subtotal Bonds Payable	2,035,000	-	-	2,035,000	19,000
Other Debts					
Developer Advance - Operating	75,227	-	-	75,227	-
Accrued Interest on:					
Developer Advance - Operating	4,556	5,059	-	9,615	-
Subtotal Other Debts	79,783	5,059	-	84,842	-
Total Long-Term Obligations	\$ 2,114,783	\$ 5,059	\$ -	\$ 2,119,842	\$ 19,000

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District’s general obligation bonds outstanding are as follows:

General Obligation Limited Tax Bonds Series 2020A (Senior Bonds) and Subordinate General Obligation Limited Tax Bonds Series 2020Bm (Subordinate Bonds)

The District issued Senior Bonds and the Subordinate Bonds on January 7, 2020, in the respective amounts of \$1,637,000 and \$398,000. Proceeds from the sale of the Senior Bonds were used to: (a) pay the Project Costs; (b) fund reserves and capitalized interest to the extent provided in the applicable Indenture; and (c) pay costs incurred in connection with the issuance of Senior Bonds. Proceeds from the sale of the Subordinate Bonds were used to: (a) pay Project Costs; and (b) pay costs incurred in connection with the issuance of the Subordinate Bonds.

The Senior Bonds bear interest of 5.000% and are payable semi-annually on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Senior Bonds mature on December 1, 2049. To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the Senior Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each interest payment date at the rate then borne by the Senior Bonds. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Senior Bonds.

Except for an initial deposit of \$129,000 from proceeds of the Senior Bonds, the Senior Surplus Fund will be funded solely from Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year up to the Maximum Surplus Amount of \$327,400. Pursuant to the Senior Indenture, the Senior Surplus Fund shall be maintained for so long as any Senior Bond is outstanding. The use of moneys released from the Senior Surplus Fund when no Senior Bonds are outstanding shall be subject to any pledges, liens, or other encumbrances, including any pledge, lien, or encumbrance created under the terms of any other Parity Bonds or Subordinate Bonds. At December 31, 2023, the balance in the Surplus Fund is \$138,416.

Optional Redemption. The Series 2020A Senior 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, 2024, 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:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1,2024 to November 30, 2025	3.00%
December 1,2025 to November 30, 2026	2.00%
December 1,2026 to November 30, 2027	1.00%
December 1,2027 and thereafter	0.00%

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

**General Obligation Limited Tax Bonds Series 2020A (Senior Bonds) and Subordinate
General Obligation Limited Tax Bonds Series 2020B(3) (Subordinate Bonds)
(Continued)**

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, net of any costs of collection, which includes:

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

The Senior Required Mill Levy is defined as an amount necessary to pay debt service on the Bonds but not in excess of 50 mills; and until the Surplus Fund is fully funded, it must equal 50 mills (subject to adjustment for changes in the method of calculating assessed valuation on or after September 26, 2018). In no event is the Senior Required Mill Levy to be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Senior Required Mill Levy as calculated above would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Senior Required Mill Levy is to be reduced to the point that such maximum tax increase is not exceeded.

The Senior Bonds are additionally secured by capitalized interest which were funded from the proceeds of the Senior Bonds and by amounts, if any, in the Senior Surplus Fund.

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

Year Ending December 31,	Bonded Debt		Total
	Principal	Interest	
2024	\$ 19,000	\$ 81,850	\$ 100,850
2025	20,000	80,900	100,900
2026	23,000	79,900	102,900
2027	25,000	78,750	103,750
2028	28,000	77,500	105,500
2029-2033	175,000	364,350	539,350
2034-2038	255,000	313,100	568,100
2039-2043	357,000	239,600	596,600
2044-2048	490,000	137,750	627,750
2049	245,000	12,250	257,250
Total	\$ 1,637,000	\$ 1,465,950	\$ 3,102,950

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

**General Obligation Limited Tax Bonds Series 2020A (Senior Bonds) and Subordinate
General Obligation Limited Tax Bonds Series 2020B(3) (Subordinate Bonds)
(Continued)**

The Subordinate Bonds were issued at the rate of 8.750% (with a combined yield with the Senior Bonds of 5.8152% per Form 8038-G) per annum and are payable annually on December 15, beginning December 15, 2020 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2049. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Subordinate Bonds. All of the Subordinate Bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on December 16, 2059 (the Subordinate Termination Date), regardless of the amount of principal and interest paid prior to the Subordinate Termination Date.

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection, which includes:

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

Optional Redemption. The Series 2020B(3) Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or integral multiple of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a principal so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2024 to November 30, 2025	3.00%
December 1, 2025 to November 30, 2026	2.00%
December 1, 2026 to November 30, 2027	1.00%
December 1, 2027 and thereafter	0.00%

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

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

**General Obligation Limited Tax Bonds Series 2020A (Senior Bonds) and Subordinate
General Obligation Limited Tax Bonds Series 2020B(3) (Subordinate Bonds)
(Continued)**

Authorized Debt

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 6, 2018	Authorization Used Series 2020A and Series 2020B Bonds	Remaining at December 31, 2023
Street improvements	\$ 5,000,000	\$ (678,334)	\$ 4,321,666
Water Supply	5,000,000	(678,334)	4,321,666
Safety Protection	5,000,000	-	5,000,000
TV Relay	5,000,000	-	5,000,000
Park and Recreation	5,000,000	-	5,000,000
Sanitation	5,000,000	(678,332)	4,321,668
Mosquito Control	5,000,000		5,000,000
Public Transportation	5,000,000		5,000,000
Security Services	5,000,000		5,000,000
Refunding	5,000,000		5,000,000
O&M Debt	5,000,000		5,000,000
IGA Debt	5,000,000		5,000,000
Fire Protection	5,000,000		5,000,000
Total	<u>\$ 65,000,000</u>	<u>\$ (2,035,000)</u>	<u>\$ 62,965,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$5,000,000 inclusive of cost of issuance, inflation, and similar costs.

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

Pursuant to the District's Service Plan, a Maximum Total Mill Levy of 65 mills (as adjusted) is authorized to support debt service, and operations and maintenance of the District. A maximum of 50 mills (as adjusted) for debt service and 15 mills (as adjusted) for operation and maintenance of District's public improvements is authorized, each subject to the limitation of the Maximum Total Mill Levy.

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

NOTE 5 NET POSITION

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

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2023, as follows:

	Governmental	
	<u>Activities</u>	
Restricted Net Position:		
Emergencies	\$	800
Total Restricted Net Position	\$	800

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 6 AGREEMENTS

Operation Funding Agreements

On August 28, 2020, effective as of September 1, 2020, the District and Taylor Morrison of Colorado, Inc. (Current Developer) entered into that certain 2020-2021 Operation Funding Agreement, whereby the Current Developer agrees to advance funds to the District for operations and maintenance costs. This agreement was amended on November 10, 2020 and on November 11, 2021 to acknowledge that the anticipated funding for years 2020 through 2022 is \$100,000. Simple interest accrues on each Developer Advance from the date of deposit into the District's account or from the date of direct payment by the Developer, until paid, at a rate to exceed the current Bond Buyer 20-Bond GO Index plus four percent (4%). Any obligation of the District to reimburse the Current Developer expires on December 31, 2062. In the event the District has not reimbursed the Current Developer for any Developer Advances made pursuant to this Agreement on or before December 31, 2062, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. As of December 31, 2023, there was an outstanding balance of \$84,842, of which \$75,227 is principal and \$9,615 is accrued interest.

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

NOTE 7 RISK MANAGEMENT

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

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

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

NOTE 8 TAX, SPENDING, AND DEBT LIMITATION

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

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

On November 6, 2018, the District's voters approved for an annual increase in taxes of \$1,000,000 to pay administration, operation, maintenance, and capital expenses without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

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

SUPPLEMENTARY INFORMATION

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

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 79,119	\$ 79,120	\$ 1
Specific ownership taxes	7,121	7,337	216
Interest income	4,224	11,854	7,630
Total Revenues	90,464	98,311	7,847
EXPENDITURES			
County Treasurer's Fee	1,187	1,187	-
Paying agent fees	7,000	7,000	-
Bond interest	81,850	81,850	-
Contingency	1,963	-	1,963
Total Expenditures	92,000	90,037	1,963
NET CHANGE IN FUND BALANCE	(1,536)	8,274	9,810
Fund Balance - Beginning of Year	214,077	216,256	2,179
FUND BALANCE - END OF YEAR	<u>\$ 212,541</u>	<u>\$ 224,530</u>	<u>\$ 11,989</u>

OTHER INFORMATION

**ROCK CANYON METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31.	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Sendee	Total	Levied	Collected	
2020	\$	\$	15.104	50.349	65.453	\$	\$	- %
2021	649,350	-	15.104	50.349	65.453	42,502	42,502	100.00%
2022	958,630	47.6%	15.104	50.349	65.453	62,745	62,745	100.00%
2023	1,561,330	62.9%	15.201	50.674	65.875	102,853	102,854	100.00%
Estimated for Year Ending December 31, 2024	\$ 2,296,800	47.1%	17.552	58.506	76.058	\$ 174,690		

Note:

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

Source: Douglas County Assessor and Treasurer.

**ROCK CANYON METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

Bonds/Loans and Interest Maturing in the Year Ending December 31,	\$1,637,000 General Obligation Bonds Series 2020A Dated January 7, 2020 Interest Rate 5.000% Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2024	\$ 19,000	\$ 81,850	\$ 100,850
2025	20,000	80,900	100,900
2026	23,000	79,900	102,900
2027	25,000	78,750	103,750
2028	28,000	77,500	105,500
2029	29,000	76,100	105,100
2030	33,000	74,650	107,650
2031	35,000	73,000	108,000
2032	38,000	71,250	109,250
2033	40,000	69,350	109,350
2034	44,000	67,350	111,350
2035	47,000	65,150	112,150
2036	51,000	62,800	113,800
2037	54,000	60,250	114,250
2038	59,000	57,550	116,550
2039	62,000	54,600	116,600
2040	67,000	51,500	118,500
2041	71,000	48,150	119,150
2042	77,000	44,600	121,600
2043	80,000	40,750	120,750
2044	87,000	36,750	123,750
2045	91,000	32,400	123,400
2046	98,000	27,850	125,850
2047	103,000	22,950	125,950
2048	111,000	17,800	128,800
2049	245,000	12,250	257,250
Total	\$ 1,637,000	\$ 1,465,950	\$ 3,102,950