

**FLATIRON MEADOWS METROPOLITAN DISTRICT
Boulder County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**FLATIRON MEADOWS METROPOLITAN DISTRICT
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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Flatiron Meadows Metropolitan District
Boulder County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Flatiron Meadows Metropolitan District as of and for the year December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

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 Flatiron Meadows Metropolitan District, as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Management has omitted the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Flatiron Meadows Metropolitan District's basic financial statements. The Supplementary Information and the Other Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Duggio & Associates, P.C.

June 1, 2020

BASIC FINANCIAL STATEMENTS

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 633,851
Cash and Investments - Restricted	74,521
Prepaid Expenditures	2,974
Receivable from County Treasurer	4,860
Property Taxes Receivable	<u>1,366,790</u>
Total Assets	<u>2,082,996</u>
LIABILITIES	
Accounts Payable	19,016
Bond Interest Payable	32,053
Noncurrent Liabilities:	
Due Within One Year	85,000
Due in More Than One Year	<u>23,957,996</u>
Total Liabilities	<u>24,094,065</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>1,366,790</u>
Total Deferred Inflows of Resources	<u>1,366,790</u>
NET POSITION	
Restricted For:	
Emergency Reserves	22,400
Debt Service	21,818
Unrestricted	<u>(23,422,077)</u>
Total Net Position	<u><u>\$ (23,377,859)</u></u>

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 437,678	\$ -	\$ -	\$ -	\$ (437,678)
Interest and Related Costs on Long-Term Debt	1,046,810	-	-	-	(1,046,810)
Dedication of capital assets to other governments	14,893,604	-	-	339,000	(14,554,604)
	<u>\$ 16,378,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,000</u>	<u>(16,039,092)</u>
GENERAL REVENUES					
Property Taxes					1,073,103
Specific Ownership Taxes					61,062
Interest Income					32,267
Total General Revenues					<u>1,166,432</u>
CHANGE IN NET POSITION					
					(14,872,660)
Net Position - Beginning of Year					<u>(8,505,199)</u>
NET POSITION - END OF YEAR					
					<u>\$ (23,377,859)</u>

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 633,851	\$ -	\$ -	\$ 633,851
Cash and Investments - Restricted	22,400	52,121	-	74,521
Receivable from County Treasurer	3,110	1,750	-	4,860
Prepaid Expenses	2,974	-	-	2,974
Property Taxes Receivable	136,522	1,230,268	-	1,366,790
Total Assets	\$ 798,857	\$ 1,284,139	\$ -	\$ 2,082,996
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 19,016	\$ -	\$ -	\$ 19,016
Total Liabilities	19,016	-	-	19,016
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	136,522	1,230,268	-	1,366,790
Total Deferred Inflows of Resources	136,522	1,230,268	-	1,366,790
FUND BALANCES				
Nonspendable:				
Prepaid Expenditures	2,974	-	-	2,974
Restricted for:				
Emergency Reserves	22,400	-	-	22,400
Debt Service	-	53,871	-	53,871
Assigned	98,952	-	-	98,952
Unassigned	518,993	-	-	518,993
Total Fund Balances	643,319	53,871	-	697,190
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 798,857	\$ 1,284,139	\$ -	

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.

Bonds Payable	(23,985,000)
Bond Interest Payable	(32,053)
Accrued Interest Payable - Bonds	(57,996)
Net Position of Governmental Activities	\$ (23,377,859)

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 689,519	\$ 383,584	\$ -	\$ 1,073,103
Specific Ownership Taxes	39,079	21,983	-	61,062
Interest Income	16,250	15,809	208	32,267
Development Fee	-	339,000	-	339,000
Total Revenues	<u>744,848</u>	<u>760,376</u>	<u>208</u>	<u>1,505,432</u>
EXPENDITURES				
Current:				
Accounting	48,994	-	-	48,994
Audit	4,700	-	-	4,700
County Treasurer's Fees	10,422	5,805	-	16,227
Director Fees	1,500	-	-	1,500
Dues and Memberships	925	-	-	925
Insurance and Bonds	4,756	-	-	4,756
Bond Issue Costs	319,774	-	-	319,774
Legal	35,887	-	-	35,887
Miscellaneous	4,800	-	-	4,800
Payroll Taxes	115	-	-	115
Debt Service:				
Paying Agent Fees	-	3,000	-	3,000
Bond Principal	-	335,000	-	335,000
Bond Interest	-	828,107	-	828,107
Capital:				
Cost of Issuance	-	-	158,027	158,027
Capital Outlay	-	-	14,893,604	14,893,604
Total Expenditures	<u>431,873</u>	<u>1,171,912</u>	<u>15,051,631</u>	<u>16,655,416</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	312,975	(411,536)	(15,051,423)	(15,149,984)
OTHER FINANCING SOURCES (USES)				
Bond Issuance	-	-	16,740,000	16,740,000
Developer Advance	-	-	14,893,604	14,893,604
Repay Developer Advance	-	-	(16,875,838)	(16,875,838)
Transfer (to) from Other Funds	(295,477)	1,820	293,657	-
Total Other Financing Sources (Uses)	<u>(295,477)</u>	<u>1,820</u>	<u>15,051,423</u>	<u>14,757,766</u>
NET CHANGE IN FUND BALANCES	17,498	(409,716)	-	(392,218)
Fund Balances - Beginning of Year	<u>625,821</u>	<u>463,587</u>	<u>-</u>	<u>1,089,408</u>
FUND BALANCES - END OF YEAR	<u>\$ 643,319</u>	<u>\$ 53,871</u>	<u>\$ -</u>	<u>\$ 697,190</u>

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS 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, 2019**

Net Change in Fund Balances - Governmental Funds \$ (392,218)

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

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

Capital Outlay	14,893,604
Dedication of Capital Assets to Other Governments	(14,893,604)

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

Bond Issuance	(16,740,000)
Developer Advances	(14,893,604)
Bond Principal Payment	335,000
Repayment of Developer Advance - Principal	16,875,838

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.

Change in Accrued Bond Interest Payable	(57,676)
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Changes in Net Position of Governmental Activities	<u><u>\$ (14,872,660)</u></u>
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**FLATIRON MEADOWS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 733,263	\$ 733,263	\$ 689,519	\$ (43,744)
Specific Ownership Tax	36,663	36,663	39,079	2,416
Interest Income	10,300	10,300	16,250	5,950
Total Revenues	<u>780,226</u>	<u>780,226</u>	<u>744,848</u>	<u>(35,378)</u>
EXPENDITURES				
Accounting	50,000	50,000	48,994	1,006
Audit	5,000	5,000	4,700	300
County Treasurer's Fees	10,999	10,999	10,422	577
Director Fees	1,600	1,600	1,500	100
Dues and Memberships	960	960	925	35
Engineering	10,000	-	-	-
Insurance and Bonds	2,300	2,300	4,756	(2,456)
Bond Issue Costs	400,000	325,000	319,774	5,226
Legal	40,000	40,000	35,887	4,113
Miscellaneous	3,761	3,761	4,800	(1,039)
Payroll Taxes	380	380	115	265
Contingency	50,000	-	-	-
Total Expenditures	<u>575,000</u>	<u>440,000</u>	<u>431,873</u>	<u>8,127</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	205,226	340,226	312,975	(27,251)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	(300,000)	(295,477)	4,523
Total Other Financing Sources (Uses)	<u>-</u>	<u>(300,000)</u>	<u>(295,477)</u>	<u>4,523</u>
NET CHANGE IN FUND BALANCE	205,226	40,226	17,498	(22,728)
Fund Balance - Beginning of Year	<u>656,099</u>	<u>656,099</u>	<u>625,821</u>	<u>(30,278)</u>
FUND BALANCE - END OF YEAR	<u>\$ 861,325</u>	<u>\$ 696,325</u>	<u>\$ 643,319</u>	<u>\$ (53,006)</u>

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

Flatiron Meadows Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the Boulder County District Court on November 28, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the Town of Erie, Boulder County, Colorado ("Erie"). The District was established to provide financing for the design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks and recreation, sewer and drainage facilities, public transportation, mosquito control, and the operation and maintenance of the District.

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.

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.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

Separate financial statements are provided for 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. Redemption of bonds is recorded as a reduction in liabilities.

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

The District reports the following major governmental funds:

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

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its annual budget for the year ended December 31, 2019.

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 sales 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 Inflow of Resources

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 633,851
Cash and Investments - Restricted	74,521
Total Cash and Investments	<u>\$ 708,372</u>

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 11,690
Investments	696,682
Total Cash and Investments	<u>\$ 708,372</u>

Deposits with Financial Institutions

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

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

At December 31, 2019, the District's cash deposits had a bank balance and a carrying balance of \$11,690.

Investments

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

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted Average under 60 Days	\$ 696,682

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 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 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 is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

As of December 31, 2019, all capital assets have been dedicated to the Town of Erie or other governmental entities.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2019:

	Balance December 31, 2018	Additions	Retirement of Long-Term Obligations	Balance December 31, 2019	Due Within One Year
G.O. Limited Tax Bonds - Series 2016	\$ 7,580,000	\$ -	\$ 75,000	\$ 7,505,000	\$ 85,000
G.O. Limited Tax Bonds - Series 2019B-1	-	1,500,000	-	1,500,000	-
G.O. Limited Tax Bonds - Series 2019B-2	-	15,240,000	260,000	14,980,000	-
Series 2019B-1 Bonds - Accrued Interest	-	9,623	-	9,623	-
Series 2019B-2 Bonds - Accrued Interest	-	488,005	439,632	48,373	-
Developer Advances - Capital	1,982,234	14,893,604	16,875,838	-	-
Total	<u>\$ 9,562,234</u>	<u>\$ 32,131,232</u>	<u>\$ 17,650,470</u>	<u>\$ 24,042,996</u>	<u>\$ 85,000</u>

The details of the District's long-term obligations are as follows:

Series 2016 General Obligation Limited Tax Bonds

On April 19, 2016, the District issued \$7,760,000 of General Obligation Limited Tax Bonds. The proceeds from the sale of the Bonds were used to (i) finance public improvements related to residential development in the District; and (ii) pay costs of issuing the Bonds. The Series 2016 Bonds bear an interest rate of 5.125% and mature on December 1, 2046. Interest is payable semi-annually on June 1 and December 1, and the principal is payable annually on December 1.

The Series 2016 Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) Property Tax Revenues, 2) Specific Ownership Tax Revenues, 3) Development Fees, and 4) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

The 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, 2021, 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, 2021 to November 30, 2022	3.00%
December 1, 2022 to November 30, 2023	2.00
December 1, 2023 to November 30, 2024	1.00
December 1, 2024 and thereafter	0.00

The Series 2016 Bonds are also subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, beginning on December 1, 2016 and continuing each year thereafter through the final maturity on December 1, 2046.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2016 General Obligation Limited Tax Bonds (Continued)

The Indenture requires that a Required Mill Levy be imposed each year in an amount sufficient, when combined with other legally available moneys then in the Bond Fund, to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of 50 mills less the amount of the Operations Mill Levy; provided however, that in the event the method of calculating assessed valuation is or was changed on or after September 12, 2006, the mill levy provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

In 2019 a General Fund mill levy was imposed in an amount of 50.000 mills less the Debt Service Fund mill levy; and the Debt Service Fund mill levy was imposed in an amount sufficient to pay debt service on the Bonds. Proceeds from the imposition of the General Fund mill levy were used to pay for operations, issuance costs associated with the 2019 Subordinate Bonds, and developer advances.

The District's Series 2016 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 85,000	384,631	\$ 469,631
2021	90,000	380,275	470,275
2022	105,000	375,663	480,663
2023	110,000	370,281	480,281
2024	125,000	364,644	489,644
2025-2029	790,000	1,716,620	2,506,620
2030-2034	1,170,000	1,477,025	2,647,025
2035-2039	1,645,000	1,131,343	2,776,343
2040-2044	2,265,000	649,849	2,914,849
2045-2046	1,120,000	87,125	1,207,125
Total	<u>\$ 7,505,000</u>	<u>\$ 6,937,456</u>	<u>\$ 14,442,456</u>

Series 2019B-1 and Series 2019B-2 General Obligation Limited Tax Bonds

Subordinate General Obligation Limited Tax Bonds, Series 2019B-1 dated November 15, 2019 (the 2019B-1 Subordinate Bonds) and **Subordinate General Obligation Limited Tax Bonds, Series 2019B-2** dated August 1, 2019 (the 2019B-2 Subordinate Bonds and, with the 2019B-1 Subordinate Bonds, the 2019 Subordinate Bonds)

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2019B-1 and SeriesB-2 General Obligation Limited Tax Bonds (Continued)

2019 Subordinate Bonds Detail

The District issued the 2019B-1 Subordinate Bonds on November 15, 2019, in the par amount of \$1,500,000 and the 2019B-2 Subordinate Bonds on August 1, 2019, in the par amount of \$15,240,000. Proceeds from the sale of the Subordinate Bonds were used to: (a) pay the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development; (b) pay amounts due under the Acquisition Agreement for the costs of public improvements for the District the debt for which was approved by the 2006 Election; and, (c) pay costs of issuance in connection with the Subordinate Bonds.

The 2019B-1 Subordinate Bonds were issued at the rate of 5.125% per annum and are payable annually on December 15 from, and to the extent of, 2019B-1 Subordinate Pledged Revenue available, if any, and mature on December 15, 2049. The 2019B-1 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.

To the extent principal of any 2019B-1 Subordinate Bond is not paid when due, such principal shall remain outstanding until December 16, 2058, and shall continue to bear interest at the rate borne by the 2019B-1 Subordinate Bond. To the extent interest on any 2019B-1 Subordinate Bond is not paid when due, such interest shall compound on each interest payment date of December 15, at the rate borne by the 2019B-1 Subordinate Bond. All of the 2019B-1 Subordinate Bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on the December 16, 2058, regardless of the amount of principal and interest paid prior to that date.

The 2019B-2 Bonds were issued at the rate of 7.750% per annum and are payable annually on December 15 from, and to the extent of, 2019B-2 Subordinate Pledged Revenue available, if any, and mature on December 15, 2056. The 2019B-2 Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

To the extent principal of any 2019B-2 Bond is not paid when due, such principal shall remain outstanding until December 16, 2058, and shall continue to bear interest at the rate borne by the 2019B-2 Subordinate Bond. To the extent interest on any 2019B-2 Subordinate Bond is not paid when due, such interest shall remain due and owing, but shall not compound or bear additional interest. All of the 2019B-2 Subordinate Bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on the December 16, 2058, regardless of the amount of principal and interest paid prior to that date.

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.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2019B-1 and SeriesB-2 General Obligation Limited Tax Bonds (Continued)

Optional and Mandatory Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2024 to December 14, 2025	3.00%
December 15, 2025 to December 14, 2026	2.00
December 15, 2026 to December 14, 2027	1.00
December 1, 2027 and thereafter	0.00

The Subordinate Bonds are also subject to mandatory redemption. On November 15 of each year, the Trustee will determine the amount available to apply to the repayment of the Subordinate Bonds.

Pledged Revenue

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue which means the moneys derived by the District from the following sources, net of any costs of collection: (a) the Subordinate Required Mill Levy; (b) the Subordinate Capital Fee Revenue (which includes the Development Fees) which means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Bonds; (c) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate Required Mill Levy

The Subordinate Required Mill Levy is the portion of the Total Mill Levy that is allocated to the payment of the Subordinate Bonds as described below under "Allocation of Subordinate Pledged Revenue." Total Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of (i) 50 mills (subject to adjustment described below) less the amount of the Senior Bond Mill Levy, the Senior Operations Mill Levy, and the Subordinate Operations Mill Levy, or (ii) such lesser mill levy which, when combined with the non-ad valorem tax revenues comprising the Subordinate Pledged Revenue and after the allocation and deduction of the Storm Drainage Mill Levy as described below in "Allocation of Subordinate Pledged Revenue", will fund the 2019B-1 Subordinate Bond Fund and the 2019B-2 Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Subordinate Bonds in full.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2019B-1 and SeriesB-2 General Obligation Limited Tax Bonds (Continued)
Subordinate Required Mill Levy (Continued)

In the event the method of calculating assessed valuation is or was changed after September 12, 2006, the mill levy will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

The Senior Operations Mill Levy means, with respect to any particular levy year, the number of mills necessary to produce the dollar amount of the Senior Operations Deduction for the collection year. The Senior Operations Deduction means an amount reasonably determined by the District as being necessary to pay the District's operation and maintenance expenses, but not in excess of the following: (i) for levy year 2019 (for collection in 2020), the amount of \$51,515, and (ii) for each levy year thereafter, an additional 1%.

The Subordinate Operations Mill Levy means, with respect to any particular levy year, the number of mills necessary to produce the dollar amount of the Subordinate Operations Deduction for the collection year. The Subordinate Operations Deduction means an amount reasonably determined by the District as being necessary to pay the District's operations and maintenance expenses not paid with the Senior Operations Deduction, but not in excess of the following: (i) for levy year 2019 (for collection in 2020), the amount of \$35,000, and (ii) for each levy year thereafter, an additional 1%.

The Storm Drainage Mill Levy means, with respect to any particular levy year, the number of mills necessary to produce the dollar amount of the Storm Drainage Deduction for the collection year. The Storm Drainage Deduction means an amount reasonably determined by the District as being necessary to pay District operations and maintenance costs in connection with storm drainage facilities located in Tract B, Flatiron Meadows Filing No. 10 and a portion of Tract G, Flatiron Meadows Filing No. 13, a replat of Filing No. 11, but not in excess of the following: (i) for levy year 2019 (for collection in 2020), the amount of \$50,000, and (ii) for each levy year thereafter, an additional 1%.

Gallagher Adjustment

The Gallagher Amendment to the Colorado Constitution states that residential assessed values Statewide must be approximately 45% of total assessed values. When the market values of residential property increase faster than the values of nonresidential property, the residential assessment ratio must decline to keep the 45 percent/55 percent ratio.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2019B-1 and SeriesB-2 General Obligation Limited Tax Bonds (Continued)
Gallagher Adjustment (Continued)

On September 12, 2006, the residential assessment rate was 7.96%. On June 5, 2017, the State Legislature enacted a Gallagher Adjustment which decreased the residential assessment ratio from 7.96% to 7.20% beginning in tax levy year 2017. On June 3, 2019, the State Legislature enacted another Gallagher Adjustment which further decreased the residential assessment ratio from 7.20% to 7.15% beginning in tax levy year 2019 (tax collection year 2020). Absent corresponding increases in the District's mill levy, decreases in the residential assessment ratio would result in decreases in the District's tax revenue. As a result, the District has adjusted its debt service mill levies as authorized under the District's Service Plan and as required by the Indenture.

Allocation of Subordinate Pledged Revenue

Prior to transfer to the Trustee, Subordinate Pledged Revenue is to be retained and allocated by the District as follows:

- FIRST: If both the 2019B-1 Subordinate Bonds and the 2019B-2 Subordinate Bonds are outstanding, the Subordinate Pledged Revenue shall be divided in half, with one half allocated to the 2019B-1 Subordinate Bonds, and the other half allocated to the 2019B-2 Subordinate Bonds. If Subordinate Bonds of only one series are outstanding, the allocation is to be 100% to the series which is still outstanding.
- SECOND: The amount of the Storm Drainage Deduction will be deducted from the Subordinate Pledged Revenue remaining and is to be retained by the District to pay District operations and maintenance costs in connection with storm drainage facilities; provided that, for so long as any 2019B-1 Subordinate Bonds are outstanding, the entire Storm Drainage Deduction will be deducted only from the half allocated to the 2019B-1 Subordinate Bonds pursuant to FIRST above.
- THIRD: The amount of Subordinate Pledged Revenue allocated to the 2019B-1 Subordinate Bonds, if any, and the amount of Subordinate Pledged Revenue allocated to the 2019B-2 Subordinate Bonds, if any, pursuant to the above is to be transferred to the Trustee.

Subordinate Bonds Debt Service

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

On November 7, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$69,909,000 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 07, 2006 Election	Series 2016 Authorization Used	Series 2019B-1 Authorization Used	Series 2019B-2 Authorization Used	Remaining at December 31, 2019
Streets	\$ 11,371,000	\$ 3,997,900	\$ 1,500,000	\$ 5,873,100	\$ -
Traffic and Safety Controls	1,000,000	-	-	-	1,000,000
Water	5,212,000	959,200	-	2,132,757	2,120,043
Sanitary and Storm Sewer	10,905,000	2,698,700	-	7,234,143	972,157
Park and Recreation	3,466,000	104,200	-	-	3,361,800
Public Transportation	2,000,000	-	-	-	2,000,000
Mosquito Control	500,000	-	-	-	500,000
Operations and Maintenance Contracts	1,000,000	-	-	-	1,000,000
Bond Refunding	34,455,000	-	-	-	34,455,000
	<u>\$ 69,909,000</u>	<u>\$ 7,760,000</u>	<u>\$ 1,500,000</u>	<u>\$ 15,240,000</u>	<u>\$ 45,409,000</u>

Pursuant to the Service Plan, the District is permitted to issue debt up to \$24,500,000. In addition, the maximum mill levy for the District is 50.000 mills, as may be adjusted for changes in the calculation of assessed valuation of property within the District.

During 2019, the residential assessment rate was changed to 7.15%. Based upon the 2019 assessed valuation, the service plan limitation of 50.000 mills could be increased to 55.664 mills.

The District has issued the maximum debt as permitted by the Service Plan. In the future, the District would require approval from the Town of Erie to amend the service plan in order to issue additional general obligation debt for purposes of providing public improvements to support development as it occurs within and outside of the District boundaries.

Developer Advance

The District has entered into Reimbursement Agreements with the Developer as follows:

Developer Infrastructure Acquisition Agreement

On June 1, 2012 the District entered into an Infrastructure Acquisition Agreement (the "Acquisition Agreement") with Bayou Development Corp., to repay acquisitions made by the Developer, without interest, for capital improvement costs. The District's repayment obligation pursuant to this agreement is subject to annual appropriation. At December 31, 2019, the District owed the Developer the principal amount of \$0 and the District's repayment obligation has been satisfied in full.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Partial Assignment of Rights under Infrastructure Acquisition Agreement

On October 30, 2015 the District entered into a Partial Assignment of Rights under Infrastructure Acquisition Agreement with the Developer and HT Flatiron LP, pursuant to which the Developer assigned to HT Flatiron LP certain rights to payments owed by the District for completed Public Infrastructure under the Acquisition Agreement. The Partial Assignment revised the original Acquisition Agreement regarding interest, stating that interest “may accrue on the costs of the Public Infrastructure acquired by the District at a market rate at the time of the acquisition of the Public Infrastructure”. The Partial Assignment of Rights under Infrastructure Acquisition Agreement was amended in 2019 to allow the payments by the District to be satisfied through a public bond offering, to be allocated equally dollar-for-dollar, to Bayou and to HT Flatiron LP, up to the total maximum amount of \$1,500,000 to HT Flatiron LP, after which HT Flatiron LP shall have no further rights to payment.

NOTE 6 NET POSITION

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

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019, as follows:

Restricted Net Position:	
TABOR Emergency Service	\$ 22,400
Debt Service	21,818
Total Restricted Net Position	<u>\$ 44,218</u>

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, all of which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is Bayou Development Corp. The majority members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Additionally, one member of the Board of Directors provides consulting services to the District. During 2019, \$4,800 was paid for such consulting services.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 INTERFUND AND OPERATING TRANSFERS

The transfer from the General Fund to the Capital Projects Fund represents funds to be used for the payment of bond issue costs and repayment of developer advances. The transfer from the Capital Projects Fund to the Debt Service Fund represents the transfer of the balance of the Series 2019B-1 COI Account to the Series 2019B-1 Bond Fund.

NOTE 9 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 (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, workers compensation, and property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 7, 2006, the District's voters approved an annual increase in taxes of \$1,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 412,460	\$ 387,174	\$ 383,584	\$ (3,590)
Specific Ownership Taxes	20,623	20,623	21,983	1,360
Development Fees	225,000	318,000	339,000	21,000
Interest Income	6,200	12,500	15,809	3,309
Total Revenues	<u>664,283</u>	<u>738,297</u>	<u>760,376</u>	<u>22,079</u>
EXPENDITURES				
County Treasurer's Fees	6,187	5,808	5,805	3
Bond Principal Series 2016	75,000	75,000	75,000	-
Bond Principal Series 2019B-2	-	210,476	260,000	(49,524)
Bond Interest Series 2016	388,475	388,475	388,475	-
Bond Interest Series 2019B-2	-	492,125	439,632	52,493
Paying Agent Fees	3,000	3,000	3,000	-
Contingency	-	25,116	-	25,116
Total Expenditures	<u>472,662</u>	<u>1,200,000</u>	<u>1,171,912</u>	<u>28,088</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	191,621	(461,703)	(411,536)	50,167
OTHER FINANCING SOURCES (USES)				
Transfer from Other Fund	-	-	1,820	1,820
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,820</u>	<u>1,820</u>
NET CHANGE IN FUND BALANCE	191,621	(461,703)	(409,716)	51,987
Fund Balance - Beginning of Year	<u>357,495</u>	<u>463,587</u>	<u>463,587</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 549,116</u>	<u>\$ 1,884</u>	<u>\$ 53,871</u>	<u>\$ 51,987</u>

**FLATIRON MEADOWS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ -	\$ -	\$ 208	\$ 208
Total Revenues	-	-	208	208
EXPENDITURES				
Cost of Issuance	-	160,000	158,027	1,973
Capital Outlay Costs	14,088,301	14,893,604	14,893,604	-
Total Expenditures	14,088,301	15,053,604	15,051,631	1,973
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,088,301)	(15,053,604)	(15,051,423)	2,181
OTHER FINANCING SOURCES (USES)				
Developer Advance	14,088,301	14,893,604	14,893,604	-
Bond Issuance	16,740,000	16,740,000	16,740,000	-
Repay Developer Advance	(16,740,000)	(16,880,000)	(16,875,838)	4,162
Transfers to other fund	-	-	(1,820)	(1,820)
Transfers from other funds	-	300,000	295,477	(4,523)
Total Other Financing Sources (Uses)	14,088,301	15,053,604	15,051,423	(2,181)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

OTHER INFORMATION

**FLATIRON MEADOWS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019**

Bonds and Interest Maturing in the Year Ending December 31,	\$7,760,000 General Obligation Limited Tax Bonds Series 2016 Dated April 19, 2016 Interest Rate of 5.125% Interest Due June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2020	\$ 85,000	\$ 384,631	\$ 469,631
2021	90,000	380,275	470,275
2022	105,000	375,663	480,663
2023	110,000	370,281	480,281
2024	125,000	364,644	489,644
2025	130,000	358,238	488,238
2026	150,000	351,575	501,575
2027	155,000	343,888	498,888
2028	175,000	335,944	510,944
2029	180,000	326,975	506,975
2030	205,000	317,750	522,750
2031	215,000	307,244	522,244
2032	235,000	296,225	531,225
2033	245,000	284,181	529,181
2034	270,000	271,625	541,625
2035	285,000	257,787	542,787
2036	310,000	243,181	553,181
2037	325,000	227,294	552,294
2038	355,000	210,637	565,637
2039	370,000	192,444	562,444
2040	400,000	173,481	573,481
2041	420,000	152,981	572,981
2042	455,000	131,456	586,456
2043	475,000	108,137	583,137
2044	515,000	83,794	598,794
2045	540,000	57,400	597,400
2046	580,000	29,725	609,725
	\$ 7,505,000	\$ 6,937,456	\$ 14,442,456

**FLATIRON MEADOWS METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED
DECEMBER 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Percent Increase	Mills Levied			Total Property Taxes		Percent Collected to Levied
			General	Debt Service	Total	Levied	Collected	
2016	\$ 11,808,901	82.68%	50.000	0.000	50.000	\$ 590,445	\$ 589,154	99.78 %
2017	11,557,229	-2.13%	19.698	30.302	50.000	577,865	528,879	91.52
2018	18,302,546	58.36%	29.430	20.570	50.000	915,127	914,459	99.93
2019	22,914,458	25.20%	32.000	18.000	50.000	1,145,723	1,073,103	93.66

Estimated for year ending December 31, 2020	\$ 24,554,278	7.16%	5.560	50.104	55.664	\$ 1,366,790		
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NOTE:

Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION OF CLASSES OF PROPERTY
IN THE DISTRICT
DECEMBER 31, 2019
UNAUDITED**

Property Class	2018		2019	
	Total	Percent	Total	Percent
Vacant	\$ 7,308,120	31.89%	\$ 3,917,214	15.95%
Residential	15,098,667	65.89%	20,054,551	81.67%
Oil and Gas	108,484	0.47%	133,669	0.54%
State Assessed	305,774	1.34%	316,652	1.29%
Natural Resources	696	0.00%	696	0.00%
Commercial	92,688	0.41%	131,467	0.55%
Agricultural	29	0.00%	29	0.00%
Total	<u>\$ 22,914,458</u>	100.00%	<u>\$ 24,554,278</u>	100.00%

**FLATIRON MEADOWS METROPOLITAN DISTRICT
 SELECTED DEBT RATIOS OF THE DISTRICT
 DECEMBER 31, 2019
 UNAUDITED**

Direct Debt (1)	\$ 23,985,000
Overlapping Debt (2)	3,634,779
Total Direct Debt and Overlapping Debt	\$ 27,619,779
2019 District Assessed Valuation	\$ 24,554,278
Direct Debt to 2019 Assessed Valuation	97.7%
Direct Debt Plus Overlapping Debt to 2017 Assessed Valuation	112.5%
2019 Direct Estimated Statutory "Actual" Value (3)	\$ 295,794,849
Direct Debt to 2019 Estimated Statutory "Actual" Value	8.1%
Direct Debt Plus Overlapping Debt to 2019 Estimated Statutory "Actual" Value	9.3%

- (1) Consisting of the Bonds
- (2) Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt. See "Estimated Overlapping General Obligation Debt" and the footnote regarding the type of overlapping debt which is included
- (3) This figure has been calculated using a statutory formula under which assessed valuation is calculated at 7.15% of the statutory "actual" value of residential property in the District, and 29% of the statutory "actual" value of other property within the District (with certain specified exceptions). Statutory "actual" value is not intended to represent market value.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT
DECEMBER 31, 2019
UNAUDITED**

Entity (1)	2019 Assessed Valuation (2)	Outstanding General Obligation Debt	2019 District AV	Outstanding General Obligation Debt Attributable to the District (3) Percent	Debt
Boulder Valley School District RE-2	\$ 6,644,953,607	\$ 812,260,000	\$ 24,554,278	0.37%	\$ 3,005,362
Town of Erie	549,150,354	14,000,000	24,554,278	4.47%	625,800
Northern Colo. Water Conservancy Dist. (4)	21,571,402,000	3,287,785	24,554,278	0.11%	3,617
TOTAL:					<u>\$ 3,634,779</u>

- (1) The following entities also overlap the District, but have no reported general obligation debt outstanding: Boulder County; High Plains Library District; Mountain View Fire Protection District; and Urban Drainage and Flood Control District.
- (2) Assessed values certified in 2019 are for collection of ad valorem property taxes in 2020.
- (3) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.
- (4) The Northern Colorado Water Conservancy District (NCWCD) lies in eight counties. NCWCD's general obligation debt consists of a perpetual contract payable with the United States Bureau of Reclamation for the Horsetooth Dam Rehabilitation and Pole Hill Canal Refurbishment Projects.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
DEVELOPMENT ACTIVITY
DECEMBER 31, 2019
UNAUDITED**

(a) State the number of building permits which have been issued by the Town of Erie for property within the District for the following periods:

(1)	Since the date of issuance of the Bonds:	389
(2)	During 2019:	109

(b) Provide the number of certificates of occupancy which have been issued by the Town of Erie for property within the District for the following periods:

(1)	Since the date of issuance of the Bonds:	359
(2)	During 2019:	111

(c) Complete the following table as of the date of this Report:

Number of vacant lots:	76	
Number of homes under construction:	60	
Number of homes completed:	555	
Total:	691	
Number of completed homes closed to homeowners:	551	
Number of vacant lots under contract with homeowners:	-	
Number of homes under construction under contract with homeowners:	12	
Number of vacant lots not under contract:	76	
Number of homes under construction and not under contract:	48	
Number of completed homes not under contract:	4	(models)
Total:	691	

Note: At the time of Bond issuance, 704 single family residential units were anticipated. As of December 31, 2019, only 691 single family residential units are anticipated.