

EASTPARK70 METROPOLITAN DISTRICT
Adams County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021

**EASTPARK70 METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eastpark70 Metropolitan District
Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Eastpark70 Metropolitan District, as of and for the year ended December 31, 2021, 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 Eastpark70 Metropolitan District, as of December 31, 2021, and the respective changes in financial position and, the respective 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 Eastpark70 Metropolitan District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, which raise substantial doubt about Eastpark70 Metropolitan 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 Eastpark70 Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Eastpark70 Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastpark70 Metropolitan District's basic financial statements. The supplementary budgetary comparison schedules are presented to supplement the basic financial statements and are presented for purposes of additional analysis and are 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 budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Morain Bakarich, CPAs

Morain Bakarich, CPAs
April 13, 2023

BASIC FINANCIAL STATEMENTS

**EASTPARK70 METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
Assets	
Cash and investments	\$ 66,858
Cash and investments - restricted	241,521
Property taxes receivable	1,069,095
Prepaid expenses	450
Total Assets	1,377,924
Liabilities	
Accounts payable	37,283
Noncurrent liabilities:	
Accrued interest	9,798,540
Due within one year	280,000
Due in more than one year	8,268,698
Total Liabilities	18,384,521
Deferred Inflows of Resources	
Deferred property tax revenue	1,066,055
Total Deferred Inflows of Resources	1,066,055
Net Position	
Restricted for:	
Emergency reserve	1,900
Unrestricted	(18,074,552)
Total Net Position	\$ (18,072,652)

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**EASTPARK70 METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

<u>Function/Program</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 35,926	\$ -	\$ -	\$ (35,926)
Interest and related costs on long-term debt	702,469	-	-	(702,469)
Total governmental activities	738,395	-	-	(738,395)
Total Governmental Activities	\$ 738,395	\$ -	\$ -	\$ (738,395)
General Revenues:				
Property Taxes				\$ 1,175,070
Specific Ownership Taxes				40,700
Interest Income				121
Total general revenues				1,215,891
Change in Net Position				477,496
Net Position, Beginning of Year				(18,550,148)
Net position, End of Year				\$ (18,072,652)

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**EASTPARK70 METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 66,858	\$ -	\$ 66,858
Cash and investments - restricted	1,900	239,621	241,521
Property taxes receivable	53,303	1,015,792	1,069,095
Prepaid expenses	450	-	450
Total Assets	<u>122,511</u>	<u>1,255,413</u>	<u>1,377,924</u>
Liabilities			
Accounts payable	6,664	30,619	37,283
Total Liabilities	<u>6,664</u>	<u>30,619</u>	<u>37,283</u>
Deferred Inflows of Resources			
Property tax revenue	53,303	1,012,752	1,066,055
Total Deferred Inflows of Resources	<u>53,303</u>	<u>1,012,752</u>	<u>1,066,055</u>
Fund Balances			
Nonspendable			
Prepaid items	450	-	450
Restricted for:			
Debt service	-	212,042	212,042
Emergency reserve	1,900	-	1,900
Unassigned			
General government	60,194	-	60,194
Total fund balances	<u>62,544</u>	<u>212,042</u>	<u>274,586</u>
Total Liabilities, Fund Balance, and Deferred Inflows	<u>\$ 122,511</u>	<u>\$ 1,255,413</u>	

Amounts reported for governmental funds in the Statement of Net Position are different because:

Long-term liabilities, including limited obligation notes, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Series 2005 bond payable	(8,140,000)
Development repayment obligations	(408,698)
Accrued interest payable	<u>(9,798,540)</u>
Total Net Position of Governmental Activities	<u>\$ (18,072,652)</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

EASTPARK70 METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Governmental Funds</u>
Revenues:			
General Property taxes	\$ 61,846	\$ 1,113,224	\$ 1,175,070
Ownership tax	-	40,700	40,700
Interest	8	113	121
Total revenues	<u>61,854</u>	<u>1,154,037</u>	<u>1,215,891</u>
Expenditures:			
Accounting	5,544	-	5,544
County treasurer fees	928	16,698	17,626
Insurance	3,295	-	3,295
District management	5,122	-	5,122
Legal	3,999	-	3,999
Miscellaneous	190	-	190
Paying agent fee	-	150	150
Bond interest	-	670,400	670,400
Bond principal	-	240,000	240,000
ARTA expense	-	30,469	30,469
Total expenditures	<u>19,078</u>	<u>957,717</u>	<u>976,795</u>
Net Change in Fund Balance	42,776	196,320	239,096
Fund Balance, Beginning of Year	19,768	15,722	35,490
Fund Balance, End of Year	<u>\$ 62,544</u>	<u>\$ 212,042</u>	<u>\$ 274,586</u>

Net Change in Fund Balance - Governmental Funds \$ 239,096

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

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is

Bond principal payments - 2005 Bonds 240,000

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 the governmental funds.

Accrued interest - change in liability (1,600)

Change in Net Position of Governmental Activities \$ 477,496

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**EASTPARK70 METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
BUDGETARY BASIS**

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 61,865	\$ 61,846	\$ (19)
Interest	10	8	(2)
Total revenues	<u>61,875</u>	<u>61,854</u>	<u>(21)</u>
Expenditures			
Accounting	8,000	5,544	2,456
Auditing	500	-	500
County treasurer fees	928	928	0
Insurance	3,500	3,295	205
District management	8,000	5,122	2,878
Legal	8,000	3,999	4,001
Miscellaneous	500	190	310
Total expenditures	<u>29,428</u>	<u>19,078</u>	<u>10,350</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>32,447</u>	<u>42,776</u>	<u>(10,329)</u>
Other Financing Sources (Uses):			
Emergency Reserve	(1,856)	-	(1,856)
Transfer in (out) - other funds	(50,000)	-	(50,000)
Net Other Financing Sources (Uses)	<u>(51,856)</u>	<u>-</u>	<u>(51,856)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(19,409)</u>	<u>42,776</u>	<u>(62,185)</u>
Fund Balance, Beginning of Year	<u>32,512</u>	<u>19,768</u>	<u>12,744</u>
Fund Balance, End of Year	<u>\$ 13,103</u>	<u>\$ 62,544</u>	<u>\$ (49,441)</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Eastpark70 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 Adams County, Colorado, on November 10, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to finance and construct certain public infrastructure improvements including sanitary and storm sewers, streets, water, safety protection, and other improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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.

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 property 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.

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.

Separate financial statements are provided for the governmental funds. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The District reports two governmental funds and does not maintain proprietary or fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The general fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 accounted for 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. 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.

Budgets

In accordance with the Colorado Budget Law, the District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to October 15th the budget is submitted to the Board of Directors of the District.
2. A public hearing on the budget is held prior to its adoption.
3. On the date of the hearing, the Board reviews the proposed budget and formally adopts it by resolution.
4. At the time of adopting the budget the Board also adopts the mill levies.
5. Prior to the beginning of the calendar year, the Board adopts an appropriating resolution giving the District legal authority to spend.
6. The District adopts budgets for the general and debt service funds on a basis consistent with generally accepted accounting principles. The District's Board of Directors can modify the budget and appropriations resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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 1st of each year. The levy is normally set by December 15th by certification to the County Commissioners to put the tax lien on the individual properties as of January 1st 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/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditures) until then. The District currently does not have any deferred outflows or resources reported in the accompanying financial statements.

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.

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. In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted, and unrestricted.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Funds

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.

Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between fund balances of the governmental funds and the net position of governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between the net change in fund balances of the governmental funds and the changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2: CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 66,858
Cash and Investments – Restricted	<u>241,521</u>
Total Cash and Investments	<u>\$ 308,379</u>

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

Deposits with Financial Institutions	\$ 4,114
Investments	<u>304,265</u>
Total Cash and Investments	<u>\$ 308,379</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, 2021, the District’s cash deposits had a bank balance of \$4,114 and a carrying balance of \$4,114.

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.

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.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2: 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, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	<u>\$ 304,265</u>

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 AAmmf by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 3: CAPITAL ASSETS

Property, plant and equipment purchased or acquired is carried at historical cost. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related assets. The District completed landscaping improvements in December 2007 for a total cost of \$752,955. These improvements have been dedicated to the City of Aurora, or such other entities as appropriate for the use and benefit of the District taxpayers and service users. These assets were depreciated on a straight-line over ten-years and were fully depreciated as of December 31, 2016. Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in those funds.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4: LONG-TERM DEBT OBLIGATIONS

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021
Bonds Payable:				
Series 2005 Bond	\$ 8,380,000	\$ -	\$ 240,000	\$ 8,140,000
Series 2005 Accrued Interest	8,710,507	710,777	-	9,421,284
Developer Advances:				
<i>Operation Funding Agreement</i>				
Capital - Principal	373,723	-	-	373,723
Capital - Interest	311,906	28,030	-	339,936
<i>Facilities Acquisition & Reimbursement Agreement</i>				
Capital - Principal	34,975	-	-	34,975
Capital - Interest	34,697	2,623	-	37,320
Total	<u>\$ 17,845,808</u>	<u>\$ 741,430</u>	<u>\$ 240,000</u>	<u>\$ 18,347,238</u>

General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) Series 2005

On February 22, 2005, the District issued General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) Series 2005 ("Series 2005 Bonds") totaling \$8,380,000. The Series 2005 Bonds were issued to fund public improvements within the District. The Series 2005 Bonds are secured by, and payable from, the Pledged Revenue consisting of funds derived by the District from the following sources, net of any costs of collections: (a) the Required Mill Levy; (b) the portion of the Specific Ownership tax allocable to the amount of the Required Mill Levy; and (c) any other legally available moneys which are credited to the Bond Fund by the District. The District has covenanted to levy an ad valorem mill levy (not to exceed fifty (50) mills) upon all taxable property of the District in an amount sufficient to pay the principal of and interest of the bonds as they come due and payable. The Required Mill Levy shall be imposed by the District each year through the maturity of the Series 2005 Bonds, and any subsequent years to the extent necessary to cure defaults of previous principal or interest payments.

The Series 2005 Bonds mature on December 1, 2034, and bear interest at (i) a rate of 0% per annum from the date of issuance to November 30, 2009, and (ii) at the rate of 8.00% per annum from December 1, 2009 until maturity, or prior redemption. Interest is payable semiannually to the extent of available pledged revenue on each June 1st and December 1st, commencing on June 1, 2010. To the extent interest is not paid, such interest will compound semiannually on each interest payment date at the rates described above.

The Series 2005 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2014, and thereafter, upon payment of par and accrued interest, without redemption premiums. Annual mandatory sinking fund principal payments are due on December 1st, beginning on December 1, 2011, and annually thereafter in the amounts set forth below:

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4: LONG-TERM DEBT OBLIGATIONS (CONTINUED)

<u>Year of Redemption</u>	<u>Redemption Amount</u>	<u>Year of Redemption</u>	<u>Redemption Amount</u>
2011	\$ 55,000	2021	\$ 240,000
2012	75,000	2022	280,000
2013	80,000	2023	300,000
2014	105,000	2024	340,000
2015	115,000	2025	370,000
2016	140,000	2026	415,000
2017	150,000	2027	450,000
2018	180,000	2028	505,000
2019	195,000	2029	545,000
2020	225,000	2030	605,000
*	\$ 1,320,000	2031	650,000
(*) <i>Unpaid sinking fund redemptions</i>		2032	720,000
		2033	780,000
		2034**	860,000
			\$ 7,060,000

(**) *Final maturity. Not a sinking fund redemption.*

The following is a summary of debt service requirements of the Series 2005 Bonds to maturity as of 12/31/2021:

<u>Year Ending December 31st:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accretion</u>	<u>Total</u>
2022	\$ 192,525	\$ 651,200	\$ 87,475	\$ 931,200
2023	206,277	628,800	93,723	928,800
2024	233,781	604,800	106,219	944,800
2025	254,408	577,600	115,592	947,600
2026	285,350	548,000	129,650	963,000
2027-2031	1,894,310	2,173,200	860,690	4,928,200
2032-2034	1,622,712	705,600	737,288	3,065,600
Total	\$ 4,689,364	\$ 5,889,200	\$ 2,130,636	\$ 12,709,200

The occurrence or existence of any one or more of the following events shall be an Event of Default under the Bond Resolution: (a) the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Bond Resolution; (b) the District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Bond Resolution, and fails to remedy the same within thirty (30) days after notice thereof; or (c) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the Series 2005 Bonds.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4: LONG-TERM DEBT OBLIGATIONS (CONTINUED)

Due to the limited nature of the Pledged Revenue, the Bond Resolution acknowledges that the failure to make the required principal or interest payments on the Series 2005 Bonds does not, in and of itself, constitute an event of default under the Bond Resolution.

The District assessed valuations and related property tax revenue was unable to produce sufficient revenues to meet the scheduled debt service requirements of the Series 2005 Bonds in years 2010 through 2021. As described in more detail in Note 5 below, the District and bondholder have entered into agreements regarding the required mill levy for 2010-2021 and therefore the bondholder has taken no formal action. The unpaid obligations accrue interest at the stated rates in the Series 2005 Bonds. Development in the District has increased assessed valuations allowing the District to generate sufficient revenues to meet the current debt service requirements subsequent to 2021. The required mill levy required by the Series 2005 Bonds is expected to continue after maturity to cure defaults of previous principal or interest payments.

Authorized Debt

On November 2, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$100,000,000 at an interest rate not to exceed 18% per annum. At the same election in 2004, a majority of the qualified electors of the District voted for a phased tax increase up to \$55,000,000 and to authorize the District to enter into one or more multiple fiscal year obligations evidenced by an intergovernmental agreement for the provisions of regional improvements. Pursuant to the District's Service Plan, the District is permitted to issue bond indebtedness not to exceed \$100,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development within the District; however, as of the date of these financial statements, the amount and timing of any debt issuances is not determinable.

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

<u>Purpose</u>	<u>Debt Authorized</u>	<u>Amount Used, Series 2005</u>	<u>Authorized but Unissued Debt</u>
Street	\$ 100,000,000	\$ 4,484,138	\$ 95,515,862
Water	100,000,000	827,944	99,172,056
Sewer	100,000,000	3,012,610	96,987,390
Park and recreation	100,000,000	55,308	99,944,692
Mosquito control	100,000,000	-	100,000,000
Fire protection & emergency medical	100,000,000	-	100,000,000
Television relay & translation	100,000,000	-	100,000,000
Public transportation	100,000,000	-	100,000,000
Safety protection	100,000,000	-	100,000,000
Refunding	100,000,000	-	100,000,000
Operations & maintenance	5,000,000	-	5,000,000
IGA debt No. 1	100,000,000	-	100,000,000
IGA debt No. 2	100,000,000	-	100,000,000
TOTAL	\$1,205,000,000	\$8,380,000	\$1,196,620,000

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5: COMMITMENTS AND AGREEMENTS

Operation Funding Agreement

On November 4, 2016, effective January 1, 2017, the District entered into the 2017-2021 Operation Funding Agreement (the "OFA") with EP70 LLC ("Developer"), whereby the Developer agreed to advance funds for operations and maintenance expenses in an amount equal to the difference between the budgeted general fund expenses and the budgeted general fund revenue. The Developer's obligation to advance funds under the OFA will expire on March 15, 2022. Advances under the OFA accrue interest at a rate of 7.5% per annum from the date of deposit into the District's account, until paid. Payments to reimburse the Developer are to be applied pursuant to the priority of payments set forth in the OFA.

In the event the District has not reimbursed the Developer for any advance(s) made pursuant to this Agreement on or before December 31, 2052, any amount of principal and accrued interest outstanding shall be deemed to be forever discharged and satisfied in full. At December 31, 2021, the District had amounts payable under the OFA's totaling \$713,659, which includes principal amounts of \$373,723 and \$339,936 of accrued interest.

Facilities Acquisition and Reimbursement Agreement

On December 21, 2004, the District and the Developer entered into a Facilities Acquisition and Reimbursement Agreement ("FARA"), as amended on October 19, 2005 to include additional public improvement costs, whereby the Developer agreed to construct or acquire certain public improvements within the District up to a maximum amount of \$6,000,000, and whereby the District agreed to reimburse the Developer for the verified public improvement and organizational costs, plus interest at a rate of 7.5% per annum. Reimbursement payments to the Developer shall be credited first to the principal amounts due, then to any accrued but unpaid interest. The term of the FARA will extend through December 31, 2044, unless terminated prior by mutual agreement of the parties. No payment is required under the FARA unless and until such time the District issues bonds sufficient to acquire a part or all of such improvements, or to reimburse Developer for part or all of the organizational costs. At December 31, 2021, the District had amounts due to the Developer under the FARA totaling \$72,295, which includes principal amounts of \$34,975 and accrued interest of \$37,320.

Intergovernmental Agreement with the City of Aurora

The District and the City of Aurora ("City") are parties to an Intergovernmental Agreement ("City IGA") dated December 21, 2004, which provides contractual enforcement rights to the City with respect to certain restrictions set forth in the District's Service Plan. Under the City IGA, the District covenants to dedicate all public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The City IGA states that the District is not authorized to operate and maintain improvements, other than park and recreation improvements, unless otherwise agreed to by the City. Further, the District is required to impose a mill levy for Aurora Regional Improvements (the ARI Mill Levy) commencing in the first year the District imposes a debt service mill levy.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5: COMMITMENTS AND AGREEMENTS (CONTINUED)

Agreements Regarding Required Mill Levy

The Series 2005 Bonds require the District to impose the Required Mill Levy in an amount sufficient to pay the principal, premium, or interest on the Series 2005 Bonds (not to exceed 50 mills and not less than 25 mills). However, as indicated in Note 4 above, due to insufficient increases in the District's assessed valuation, the District was not able to collect sufficient revenues to meet the scheduled debt service requirements. As such, the District and Cambridge Capital LLC ("Bondholder") entered into Agreements Regarding Required Mill Levy for fiscal years 2010 through 2021, pursuant to which the District and Bondholder agreed that increases in the mill levy to comply with the Required Mill Levy would not be in the best interests of the District, its taxpayers and residents, or the Bondholder. Therefore, the District and Bondholder agreed to a reduction in the amount of the Required Mill Levy for 2010 through 2021.

ARTA Establishment Agreement

On August 22, 2006, the District, along with other Title 32 special districts, entered into the Aurora Regional Transportation Authority ("ARTA") Establishment Agreement ("ARTA Agreement"), an authority formed pursuant to Section 29-1-203, C.R.S. The ARTA Agreement was further amended, to add additional metropolitan district members. Pursuant to the ARTA Agreement, ARTA will plan, design, acquire, construct, relocate, redevelop, and finance regional improvements within the boundaries of the metropolitan districts which are parties to the ARTA Agreement using the revenue from the ARI Mill Levy (as defined therein) of each of the participating districts. In accordance with the ARTA Agreement, the City has been offered the right to appoint no less than 30% and no more than 49% of the ARTA Board, but as of 2021, had not exercised this right.

For collection year 2021, the District imposed an ARI mill levy equal to 1.000 mill, which generated \$30,469 of net ARTA property taxes collections.

NOTE 6: RELATED PARTIES

The primary developer within the District is EP70, LLC (Developer), a Delaware limited liability company that is controlled by a private equity group Consolidated Investment Group (CIG). During 2021, the majority of the District's board members were officers, employees, or consultants of CIG. CIG is also the sole bondholder of the District's outstanding Series 2005 Bonds. The majority of the property within the District is owned by companies which are owned, controlled, or otherwise affiliated with the Developer.

NOTE 7: DEFICIT NET POSITION

The District has deficit net position of \$18,072,652 as of December 31, 2021. The District has incurred general obligation debt since inception for the construction of public improvements within the District. All of these assets have been deeded or transferred to other local and state governmental entities. These entities have assumed the responsibility for continued maintenance of these improvements and therefore, these assets no longer belong to the District but still exist for the benefit and use of the taxpayers of the District. GASB 34 requires netting the debt acquired to purchase assets against those assets the District still holds title to, which creates the net deficit as of December 31, 2021.

**EASTPARK70 METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 9: TAX, SPENDING, AND DEBT LIMITATIONS

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 4, 2004, qualified electors of the District passed election questions allowing 1.) the District to increase property taxes up to \$5,000,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses 2.) allowing for a phased tax increase up to \$55,000,000 and 3.) allowing the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

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. At December 31, 2021, the District determined its required emergency reserve to be approximately \$1,900.

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

**EASTPARK70 METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2021
BUDGETARY BASIS**

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,113,575	\$ 1,113,224	\$ (351)
Ownership taxes	22,500	40,700	18,200
Interest income	600	113	(487)
Total revenues	1,136,675	1,154,037	17,362
Expenditures			
County treasurer fees	16,240	16,698	(458)
Paying agent fees	150	150	-
ARTA expense	30,469	30,469	-
Bond interest	1,130,000	670,400	459,600
Bond principal	-	240,000	(240,000)
Total expenditures	1,176,859	957,717	219,142
Excess (Deficiency) of Revenues Over Expenditures	(40,184)	196,320	236,504
Other Financing Sources (Uses):			
Transfer in (out) - other funds	50,000	-	50,000
Net Other Financing Sources (Uses)	50,000	-	50,000
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	9,816	196,320	186,504
Fund Balance, Beginning of Year	20,087	15,722	(4,365)
Fund Balance, End of Year	\$ 29,903	\$ 212,042	\$ 182,139

The accompanying notes and independent auditors' report are an integral part of the financial statements.