

**ERIE FARM METROPOLITAN DISTRICT
Boulder County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**ERIE FARM METROPOLITAN DISTRICT
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Independent Auditor's Report

To the Board of Directors
Erie Farm Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Erie Farm Metropolitan District (the 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 financial position of the governmental activities and the major funds of Erie Farm Metropolitan District, as of December 31, 2021, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 Erie Farm Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Erie Farm Metropolitan District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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, including omissions, 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 Erie Farm Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Erie Farm 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.

Other Matters

Required Supplementary Information

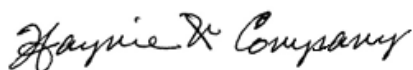
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 Erie Farm Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information section 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 it.



Littleton, Colorado
August 12, 2022

BASIC FINANCIAL STATEMENTS

**ERIE FARM METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 32,539
Cash and Investments - Restricted	28,776
Property Taxes Receivable	848,859
Receivable from County Treasurer	3,024
Construction in Progress	8,707,094
Total Assets	9,620,292
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding	242,021
Total Deferred Outflows of Resources	242,021
LIABILITIES	
Accounts Payable	15,878
Accrued Interest Payable	50,846
Noncurrent Liabilities:	
Due in One Year	140,000
Due in More Than One Year	21,864,177
Total Liabilities	22,070,901
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	848,859
Total Deferred Inflows of Resources	848,859
NET POSITION	
Restricted for:	
Emergency Reserves	1,700
Unrestricted	(13,059,147)
Total Net Position	\$ (13,057,447)

See accompanying Notes to Basic Financial Statements.

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

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 46,327	\$ -	\$ -	\$ -	\$ (46,327)
Interest and Related Costs on Long-Term Debt	1,437,359	-	-	-	(1,437,359)
Total Governmental Activities	\$ 1,483,686	\$ -	\$ -	\$ -	(1,483,686)
GENERAL REVENUES					
					691,523
					34,230
					692
					726,445
CHANGE IN NET POSITION					(757,241)
					(12,300,206)
NET POSITION - END OF YEAR					\$ (13,057,447)

See accompanying Notes to Basic Financial Statements.

**ERIE FARM METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 32,539	\$ -	\$ -	\$ 32,539
Cash and Investments - Restricted	1,700	27,036	40	28,776
Receivable - County Treasurer	-	3,024	-	3,024
Property Taxes Receivable	64,987	783,872	-	848,859
Total Assets	\$ 99,226	\$ 813,932	\$ 40	\$ 913,198
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 9,478	\$ 6,400	\$ -	\$ 15,878
Total Liabilities	9,478	6,400	-	15,878
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes	64,987	783,872	-	848,859
Total Deferred Inflows of Resources	64,987	783,872	-	848,859
FUND BALANCES				
Restricted for:				
Emergency Reserves	1,700	-	-	1,700
Debt Service	-	23,660	-	23,660
Assigned for:				
Capital Projects	-	-	40	40
Unassigned	23,061	-	-	23,061
Total Fund Balances (Deficits)	24,761	23,660	40	48,461
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 99,226	\$ 813,932	\$ 40	

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

Capital assets are recorded as assets on the statement of net position, but are recorded as expenditures in the funds.

Capital Assets	8,707,094
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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	(13,000,000)
Deferred Costs of Refunding	242,021
Bond Premium	(2,372,240)
Bond Insurance Premium	(130,888)
Accrued Interest on Bonds Payable	(50,846)
Developer Advance Payable - Accrued Interest	(1,491,447)
Developer Advance Payable	(5,009,602)

Net Position of Governmental Activities	\$ (13,057,447)
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See accompanying Notes to Basic Financial Statements.

**ERIE FARM METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 54,153	\$ 637,370	\$ -	\$ 691,523
Specific Ownership Tax	-	34,230	-	34,230
Interest Income	38	614	40	692
Total Revenues	<u>54,191</u>	<u>672,214</u>	<u>40</u>	<u>726,445</u>
EXPENDITURES				
General:				
Accounting	20,935	-	-	20,935
County Treasurer's Fee	813	9,565	-	10,378
Auditing	5,400	-	-	5,400
District Management	4,418	-	-	4,418
Dues and Membership	272	-	-	272
Insurance and Bonds	2,044	-	-	2,044
Legal Services	12,413	-	-	12,413
Miscellaneous	32	-	-	32
Debt Service:				
Bond Interest - Series 2016A	-	201,850	-	201,850
Bond Interest - Series 2021A	-	67,794	-	67,794
Bond Issue Costs	-	192,650	-	192,650
Paying Agent Fees	-	5,500	-	5,500
Total Expenditures	<u>46,327</u>	<u>477,359</u>	<u>-</u>	<u>523,686</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,864	194,855	40	202,759
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	13,000,000	-	13,000,000
Bond Premium	-	2,517,523	-	2,517,523
Repay Promissory Note	-	-	(5,793,522)	(5,793,522)
Repayment of Developer Advance - Principal	-	-	(1,789,723)	(1,789,723)
Payment to Refunding Escrow	-	(9,216,059)	-	(9,216,059)
Transfers (to) from Other Funds	-	(7,583,245)	7,583,245	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,281,781)</u>	<u>-</u>	<u>(1,281,781)</u>
NET CHANGE IN FUND BALANCES	7,864	(1,086,926)	40	(1,079,022)
Fund Balances - Beginning of Year	<u>16,897</u>	<u>1,110,586</u>	<u>-</u>	<u>1,127,483</u>
FUND BALANCES - END OF YEAR	<u>\$ 24,761</u>	<u>\$ 23,660</u>	<u>\$ 40</u>	<u>\$ 48,461</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,079,022)

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

The issuance of long-term debt (e.g., issuance of bonds, the receipt of Developer Advances) provides current financial resources to governmental funds, while the repayment 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 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 - Series 2021A	(13,000,000)
Bond Refunding - Series 2016A & 2016B	8,572,000
Bond Premium - 2021A	(2,385,882)
Bond Insurance Premium - 2021A	(131,641)
Deferred Loss on Refunding	257,160
Developer Advance Payment	1,789,723
Promissory Note Repayment	4,428,000

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 governmental funds.

Accrued Interest on Promissory Note - Change in Liability	1,094,747
Accrued Interest on Bonds - Change in Liability	36,810
Accrued Interest on Developer Advances - Change in Liability	(338,392)
Amortization of Deferred Loss on Refunding	(15,139)
Amortization of Bond Premium	13,642
Amortization of Bond Insurance Premium	753

Change in Net Position of Governmental Activities \$ (757,241)

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 54,120	\$ 54,153	\$ 33
Interest Income	89	38	(51)
Total Revenues	<u>54,209</u>	<u>54,191</u>	<u>(18)</u>
EXPENDITURES			
Accounting	23,000	20,935	2,065
Auditing	5,500	5,400	100
County Treasurer's Fees	812	813	(1)
District Management	4,000	4,418	(418)
Dues and Membership	350	272	78
Insurance and Bonds	2,500	2,044	456
Legal Services	20,000	12,413	7,587
Miscellaneous	1,838	32	1,806
Total Expenditures	<u>58,000</u>	<u>46,327</u>	<u>11,673</u>
NET CHANGE IN FUND BALANCE	(3,791)	7,864	11,655
Fund Balance - Beginning of Year	<u>18,636</u>	<u>16,897</u>	<u>(1,739)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 14,845</u></u>	<u><u>\$ 24,761</u></u>	<u><u>\$ 9,916</u></u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Erie Farm 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 for Boulder County on November 16, 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.

The District was established to provide financing for the construction, installation, and operation of public improvements, including streets, water, storm, sanitation, safety protection, and parks and recreation facilities.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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.

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 District property taxes, specific ownership taxes, and interest. 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 general obligation debt of the governmental funds.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law 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 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 has amended its annual budget for the year ended December 31, 2021.

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.

Capital Assets

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are amortized over the life of the bonds using the effective interest method.

Cost of Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applied to a future period and so will not be recognized as an outflow of resources (expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred cost of refunding, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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.

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:

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 32,539
Cash and Investments - Restricted	<u>28,776</u>
Total Cash and Investments	<u><u>\$ 61,315</u></u>

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

Deposits with Financial Institutions	\$ 1,403
Investments	<u>59,912</u>
Total Cash and Investments	<u><u>\$ 61,315</u></u>

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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, 2021, the District's cash deposits had a bank balance and a carrying balance of \$1,403.

Investments

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

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

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

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

- . Obligations of the United States, certain U.S. government agency securities, 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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 35,922
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	23,990
		<u>\$ 59,912</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 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.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

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

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 2020	Increases	Decreases	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 8,707,094	\$ -	\$ -	\$ 8,707,094
Governmental Activities Capital Assets	\$ 8,707,094	\$ -	\$ -	\$ 8,707,094

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2020	Additions	Retirement of Long-Term Obligations	Balance - December 31, 2021	Due Within One Year
Bonds Payable:					
G.O. Limited Tax					
Bonds - Series 2016A	\$ 7,340,000	\$ -	\$ 7,340,000	\$ -	\$ -
G.O. Limited Tax					
Bonds - Series 2016B	1,232,000	-	1,232,000	-	-
G.O. Limited Tax Refunding and					
Improvement Bonds - Series 2021A	-	13,000,000	-	13,000,000	140,000
Bond Premium - 2021A	-	2,385,882	13,642	2,372,240	-
Bond Insurance Premium - 2021A	-	131,641	753	130,888	-
Accrued and Unpaid					
Interest - 2016B	87,656	97,393	185,049	-	-
Subtotal Bonds Payable	8,659,656	15,614,916	8,771,444	15,503,128	140,000
Other Debts:					
Developer Advances - Capital	6,760,429	-	1,789,723	4,970,706	-
Developer Advances - O&M	38,896	-	-	38,896	-
Interest on Developer					
Advances - Capital	1,152,460	334,154	-	1,486,614	-
Interest on Developer					
Advances - O&M	595	4,238	-	4,833	-
Promissory Note	4,428,000	-	4,428,000	-	-
Accrued Interest -					
Promissory Note	1,094,747	270,775	1,365,522	-	-
Subtotal Other Debts	13,475,127	609,167	7,583,245	6,501,049	-
Total	\$ 22,134,783	\$ 16,224,083	\$ 16,354,689	\$ 22,004,177	\$ 140,000

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Bonds, Series 2016A and 2016B

On March 2, 2016, the District issued \$7,340,000 of General Obligation Bonds (Limited Tax) Series 2016A (2016A Bonds) and \$1,232,000 of Subordinate General Obligation Bonds (Limited Tax) Series 2016B (2016B Bonds) for the purpose of paying project costs, paying capitalized interest on the bonds, funding the Reserve Fund, paying bond issue costs, and repayment of Developer advances.

The 2016A Bonds bear interest at the rate of 5.5%, payable semi-annually on June 1 and December 1, beginning on June 1, 2016. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2022. The 2016A Bonds mature on December 1, 2045 and are subject to optional redemption as described in the Senior Indenture.

The 2016B Bonds bear interest at the rate of 7.75% per annum and payable annually from Subordinate Pledged Revenue on December 15, beginning on December 15, 2016. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are subject to optional redemption prior to maturity as described in the Subordinate Indenture.

The 2016A Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which includes property taxes generated by the imposition of the Senior Required Mill Levy, Capital Fees, Specific Ownership Taxes attributable to the Senior Required Mill Levy, and any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue. The District does not expect to impose any Capital Fees. Amounts on deposit in the Surplus Fund also secure payment of the 2016A Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Surplus Fund in accordance with the Senior Indenture up to the Maximum Surplus Amount of \$1,101,000.

The Surplus Fund was funded with proceeds of the 2016A Bonds in the amount of \$625,000 and from deposits of Senior Pledged Revenue. In accordance with the Senior Indenture, the Surplus Fund is to be maintained as long as any Senior Bonds remain outstanding. When no Senior Bonds are outstanding, any moneys in the Surplus Fund are required to be remitted to the District for application to any lawful purpose of the District. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Senior Required Mill Levy.

The 2016B Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes property taxes derived from the Subordinate Required Mill Levy, Subordinate Capital Fee Revenue (meaning any Capital Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds), Specific Ownership Taxes attributable to the Subordinate Required Mill Levy, and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue. The District does not expect to impose any Capital Fees. All of the 2016B Bonds and interest will be deemed to be paid, satisfied, and discharged on December 16, 2056, regardless of the amount of principal and interest paid prior to the termination date.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Bonds, Series 2016A and 2016B (Continued)

The District will impose a mill levy cap of 50.000 mills for debt, but the first \$50,000 will be carved out to fund operating expenses. The District will fill a supplemental reserve to the maximum of \$1,101,000 before it makes any payments on the debt service of the Series 2016B Bonds. As of December 31, 2021, the balance in the 2016A Surplus Fund is \$-0-. The 2016A Surplus Fund was at its maximum in 2019 and, therefore, payments on the debt service of the Series 2016B Bonds were made.

The 2016A and 2016B Bonds were refunded with the issuance of the District's 2021 Bonds.

General Obligation Limited Tax Refunding and Improvement Bonds, Series 2021

On October 21, 2021, the District issued \$13,000,000 of General Obligation Limited Tax Refunding and Improvement Bonds, Series 2021 (the 2021 Bonds) for the purposes of (i) paying the costs of refunding the 2016A and 2016B Bonds, (ii) paying project costs, (iii) funding the Reserve Fund, and (iv) paying bond issue costs.

The 2021 Bonds bear interest at the rate of 5.0%, payable semi-annually on June 1 and December 1, beginning on December 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2022. The 2021 Bonds mature on December 1, 2051 and are subject to optional redemption and mandatory sinking fund redemption as described in the Indenture.

The 2021 Bonds are secured by and payable solely from Pledged Revenue, net of any costs of collection, which includes (i) property taxes generated by the imposition of the Required Mill Levy, (ii) Capital Fees, if any, (iii) Specific Ownership Taxes attributable to the Required Mill Levy, and (iv) any other legally available amounts that the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The Bonds are also secured by amounts on deposit in the Reserve Fund. Available Pledged Revenue, if any, is to be accumulated in the Reserve Fund in accordance with the Indenture up to the Required Reserve Amount of \$903,000.

Events of Default

The occurrence of any one or more of the following events or the existence of any one of more of the following conditions shall constitute an Event of Default under the Indenture, and there shall be no default of Event of Default hereunder except as provided in this Section:

- (a) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture;
- (b) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture of the Bond Resolution; or
- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**General Obligation Limited Tax Refunding and Improvement Bonds, Series 2021
(Continued)**

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 140,000	\$ 610,150	\$ 750,150
2023	150,000	603,150	753,150
2024	165,000	595,650	760,650
2025	175,000	587,400	762,400
2026	195,000	578,650	773,650
2027-2031	1,185,000	2,734,500	3,919,500
2032-2036	1,665,000	2,392,500	4,057,500
2037-2041	2,270,000	1,919,250	4,189,250
2042-2046	3,070,000	1,275,500	4,345,500
2047-2051	3,985,000	492,200	4,477,200
Total	<u>\$ 13,000,000</u>	<u>\$ 11,788,950</u>	<u>\$ 24,788,950</u>

Developer Advance

The District has entered into an Advance and Reimbursement Agreement as amended and restated on May 14, 2014. This agreement is discussed under Note 7 Related Party.

Promissory Note

On November 28, 2017, the District issued a Promissory Note (the Note) in the original principal amount of \$4,428,000. The Note bears interest at the rate of 8.00% per annum and matures on December 1, 2055.

This Note shall constitute a general obligation of the District for the payment of which the District pledges its full faith and credit as a junior subordinate debt obligation to the District's General Obligation Limited Tax Bonds, Series 2016A, in the principal amount of \$7,340,000, and the District's Subordinate General Obligation Bonds, Series 2016B, in the principal amount of \$1,232,000.

This Note is subject to redemption prior to maturity, at the option of the District, in whole or in part, at any time at a redemption price equal to the principal amount of this Note or portion deemed, plus accrued interest thereon to the date of redemption.

If, assuming that the required Mill Levy defined in the Series 2016A Senior Indenture and Series 2016B Subordinate indenture has been imposed and proceeds thereof have been applied in accordance with the provision hereof, on December 1, 2055, any amount of principal and accrued interest remaining unpaid shall be deemed to be forever discharged and satisfied in full, pursuant to the terms of District's Service Plan.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Promissory Note (Continued)

The Board of Directors of the District shall be required to fix and certify a rate of levy for ad valorem taxes for repayment of this Note up to 50 mills, less certification of mills necessary to pay the District's operation and maintenance costs up to \$50,000 per year, adjusted for inflation of 2% per annum, subject to adjustment only to the extent necessary to compensate for changes in the ratio of valuation for assessment of residential real property pursuant to Article X, Section 3(l)(b) of the Colorado Constitution, and legislation implementing such constitutional provision. In these events, the foregoing mill levy limit shall be adjusted (as to all taxable property in the District) so that the actual tax revenues generated by the mill levy, as adjusted, neither increases nor decreases as a result of any such changes. In no event, however, shall the total mills certified by the District exceed 50 mills as adjusted.

The principal amount of the Note and accrued interest was paid off on November 1, 2021.

Authorized Debt

On November 3, 2015, a majority of the qualified electors of the District who voted in the election authorized the issuance of District indebtedness in an amount not to exceed \$117,000,000. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Debt Authorized November 3, 2015	Authorization Used for Series 2016A Bonds	Authorization Used for Series 2016B Bonds	Authorization Used for Promissory Note	Authorization Used for Series 2021A Bonds	Authorized But Unissued
Water	\$ 13,000,000	\$ 1,443,044	\$ 242,211	\$ -	\$ 1,270,958	\$ 10,043,787
Sanitation	13,000,000	4,312,250	723,800	-	3,798,006	4,165,944
Streets	13,000,000	1,517,178	254,654	-	1,336,252	9,891,916
Safety Protection	13,000,000	52,848	8,870	-	46,546	12,891,736
Parks and Recreation	13,000,000	14,680	2,465	-	12,928	12,969,927
Transportation	13,000,000	-	-	-	-	13,000,000
Mosquito Control	13,000,000	-	-	-	-	13,000,000
Operations	13,000,000	-	-	-	-	13,000,000
Refunding	13,000,000	-	-	4,428,000	6,535,310	2,036,690
Total	<u>\$ 117,000,000</u>	<u>\$ 7,340,000</u>	<u>\$ 1,232,000</u>	<u>\$ 4,428,000</u>	<u>\$ 13,000,000</u>	<u>\$ 91,000,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$13,000,000 at a maximum interest rate of 18% and the maximum underwriting discount is 5%. The Service Plan also limits the total mill levy (debt service and operations combined) to 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

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

NOTE 6 NET POSITION

The District's net position consists of two components – restricted and unrestricted.

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

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 1,700
Total Restricted Net Position	\$ 1,700

The District has a deficit in unrestricted net position. This deficit amount is primarily a result of the District being responsible for the repayment of bonds issued, and accrued interest, for the construction of public improvements that will be conveyed to other governments.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District was CC Erie Farms, LLC, KC Erie Farms, LLC, SC Erie Farms, LLC, and CR Erie Farms, LLC (collectively, the Developer). The majority of the members of the Board of Directors were employees, owners, or otherwise associated with the Developer, and may have had conflicts of interest in dealing with the District.

In July, 2017, the Developer sold additional property within the District (Filing 2) to CalAtlantic Group, Inc. and the District's Board of Directors transitioned to individuals associated with CalAtlantic. In late 2017, CalAtlantic acquired the remaining platted property (Filing 3) within the District. In February 2018, CalAtlantic was acquired by Lennar, Corp. At the District's May 8, 2018 regular election, five individuals, employees, or otherwise associated with Lennar, Corp., were elected to the Board of Directors and may have had conflicts of interest in dealing with the District.

Amended and Restated Advance and Reimbursement Agreement

The District and the Developer entered into an Amended and Restated Advance and Reimbursement Agreement on May 14, 2014 (the Advance and Reimbursement Agreement). On July 21, 2017, the Advance and Reimbursement Agreement was assigned by the Developer to CalAtlantic. Pursuant to the Advance and Reimbursement Agreement, the Developer agrees to loan funds to the District for the purpose of funding (i) Public Improvement Costs (Capital Costs), and (ii) general operating, administrative and maintenance costs, such as accounting, legal, engineering, insurance, audit and other expenses (O&M Advances). The Advance and Reimbursement Agreement terminates on May 14, 2029, or earlier by mutual agreement of the parties. Pursuant to the Advance and Reimbursement Agreement, any costs remaining unpaid as of the termination date are considered discharged and satisfied in full.

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

NOTE 7 RELATED PARTY (CONTINUED)

Amended and Restated Advance and Reimbursement Agreement (Continued)

The District agrees to pay Developer for the Capital Costs and O&M Advances together with interest at the annual prime rate (as published in *The Wall Street Journal*) plus 2%. This rate is to be adjusted each January 1st and July 1st per the Advance and Reimbursement Agreement. The interest rates for Developer Advances in 2021 were 3.25%. The District anticipates that the source of District revenues to be used for reimbursing Developer for O&M Advances will be from legally available District revenue; to the extent such revenues are not needed or pledged for other District obligations. The District anticipates issuing private placement bonds, general obligation bonds, and/or promissory notes to repay Capital Costs and to finance the purchase of Public Improvements.

The District may also use any legally available revenue of the District for payment for Capital Costs. As of December 31, 2021, outstanding advances for operations and maintenance totaled \$38,896 of principal and \$4,833 of interest and outstanding advances for Capital totaled \$4,970,706 of principal and \$1,486,614 of interest.

Infrastructure Acquisition Agreement

The District and Developer entered into an Infrastructure Acquisition Agreement on May 14, 2014 (the Acquisition Agreement). Pursuant to the terms of the Acquisition Agreement the Developer agrees to construct the Public Improvements and the District agrees to acquire the Public Improvements from the Developer. On July 21, 2017, the Acquisition Agreement was assigned by the Developer to CalAtlantic.

In July 2015, the District acquired \$3,663,125 of Public Improvements from the Developer, and in October 2015, the District acquired an additional \$4,047,221 of Public Improvements from the Developer pursuant to the Acquisition Agreement and dedicated such Public Improvements to the Town of Erie. As of January 28, 2016, additional Public Improvements in the amount of \$979,403 for work performed in 2015 was certified as eligible for District acquisition from the Developer pursuant to the Acquisition Agreement, for a total of \$8,689,749 of Public Improvements acquired and to be acquired from the Developer. A portion of the purchase of the acquired Public Improvements by the District was funded with the proceeds from the bonds issued by the District on March 2, 2016. In 2017, the District acquired \$3,039,190 of Public Improvements from the Developer, and in 2018 and 2019, the District acquired an additional \$4,681,684 and \$6,817, respectively, pursuant to the Acquisition Agreement.

**ERIE FARM 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 7, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

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

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

NOTE 10 INTERFUND TRANSFERS

The District transferred \$7,583,245 from the Debt Service Fund to the Capital Projects Fund for the purpose of funding public infrastructure costs.

SUPPLEMENTARY INFORMATION

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

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 636,981	\$ 636,981	\$ 637,370	\$ 389
Specific Ownership Tax	27,644	34,230	34,230	-
Interest Income	5,560	600	614	14
Total Revenues	<u>670,185</u>	<u>671,811</u>	<u>672,214</u>	<u>403</u>
EXPENDITURES				
County Treasurer's Fees	9,555	9,565	9,565	-
Bond Interest - Series 2016A	403,700	201,850	201,850	-
Bond Interest - Series 2016B	240,000	-	-	-
Bond Interest - Series 2021A	-	67,794	67,794	-
Bond Issue Costs	-	200,400	192,650	7,750
Paying Agent Fees	6,000	5,500	5,500	-
Contingency	2,745	3,026	-	3,026
Total Expenditures	<u>662,000</u>	<u>488,135</u>	<u>477,359</u>	<u>10,776</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,185	183,676	194,855	11,179
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	13,000,000	13,000,000	-
Bond Premium	-	2,517,523	2,517,523	-
Payment to Refunding Escrow	-	(9,216,059)	(9,216,059)	-
Transfers to Other Funds	-	(7,583,245)	(7,583,245)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,281,781)</u>	<u>(1,281,781)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	8,185	(1,098,105)	(1,086,926)	11,179
Fund Balance - Beginning of Year	<u>1,109,491</u>	<u>1,109,491</u>	<u>1,110,586</u>	<u>1,095</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,117,676</u>	<u>\$ 11,386</u>	<u>\$ 23,660</u>	<u>\$ 12,274</u>

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

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 40	\$ 40
Total Revenues	-	-	40	40
EXPENDITURES				
Engineering	25,000	-	-	-
Capital Outlay	4,837,206	-	-	-
Total Expenditures	4,862,206	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,862,206)	-	40	40
OTHER FINANCING SOURCES (USES)				
Developer Advance	4,862,206	-	-	-
Repay Promissory Note	-	(5,793,522)	(5,793,522)	-
Repay Developer Advance - Principal	-	(1,789,723)	(1,789,723)	-
Transfers from Other Funds	-	7,583,245	7,583,245	-
Total Other Financing Sources (Uses)	4,862,206	-	-	-
NET CHANGE IN FUND BALANCE	-	-	40	40
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 40</u>

OTHER INFORMATION

**ERIE FARM METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

\$13,000,000 General Obligation
Limited Tax Refunding and
Improvement Bonds
Series 2021A
Dated October 21, 2021
Interest Rate 5.00%
Due June 1 and December 1
Principal Due December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 140,000	\$ 610,150	\$ 750,150
2023	150,000	603,150	753,150
2024	165,000	595,650	760,650
2025	175,000	587,400	762,400
2026	195,000	578,650	773,650
2027	200,000	568,900	768,900
2028	225,000	558,900	783,900
2029	235,000	547,650	782,650
2030	255,000	535,900	790,900
2031	270,000	523,150	793,150
2032	295,000	509,650	804,650
2033	305,000	494,900	799,900
2034	335,000	479,650	814,650
2035	350,000	462,900	812,900
2036	380,000	445,400	825,400
2037	395,000	426,400	821,400
2038	430,000	406,650	836,650
2039	450,000	385,150	835,150
2040	485,000	362,650	847,650
2041	510,000	338,400	848,400
2042	545,000	312,900	857,900
2043	575,000	285,650	860,650
2044	615,000	256,900	871,900
2045	645,000	226,150	871,150
2046	690,000	193,900	883,900
2047	725,000	159,400	884,400
2048	765,000	130,400	895,400
2049	795,000	99,800	894,800
2050	835,000	68,000	903,000
2051	865,000	34,600	899,600
Total	<u>\$ 13,000,000</u>	<u>\$ 11,788,950</u>	<u>\$ 24,788,950</u>

**ERIE FARM METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt	Levied	Collected	
		Operations	Service			
2017	\$ 4,359,408	0.000	50.000	\$ 217,970	\$ 217,971	100.00 %
2018	7,006,431	7.207	48.070	387,294	387,294	100.00
2019	9,182,501	5.663	49.614	507,581	691,523	136.24
2020	9,901,104	5.357	50.309	551,155	551,028	99.98
2021	12,415,583	4.359	51.305	691,101	691,524	100.06
Estimated for the Year Ending December 31, 2022	\$ 16,714,762	3.888	46.897	\$ 848,859		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.