

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**FLATIRON MEADOWS METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2022**

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Flatiron Meadows Metropolitan District
Boulder County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Flatiron Meadows Metropolitan District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the District, as of December 31, 2022, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Duggio & Associates, P.C.

April 26, 2023

BASIC FINANCIAL STATEMENTS

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 289,266 |
| Cash and Investments - Restricted | 309,309 |
| Prepaid Expenses | 3,025 |
| Receivable from County Treasurer | 6,724 |
| Property Taxes Receivable | 2,088,182 |
| Bond Insurance, Net | 30,461 |
| Total Assets | <u>2,726,967</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Cost of Bond Refunding | <u>207,686</u> |
| Total of Deferred Outflows of Resources | 207,686 |
| LIABILITIES | |
| Accounts Payable | 11,378 |
| Bond Interest Payable | 20,700 |
| Noncurrent Liabilities: | |
| Due Within One Year | 130,000 |
| Due in More Than One Year | <u>23,640,843</u> |
| Total Liabilities | <u>23,802,921</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | <u>2,088,182</u> |
| Total Deferred Inflows of Resources | <u>2,088,182</u> |
| NET POSITION | |
| Emergency Reserves | 4,600 |
| Debt Service | 51,710 |
| Unrestricted | <u>(23,012,760)</u> |
| Total Net Position | <u><u>\$ (22,956,450)</u></u> |

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | Net Revenues (Expenses) and Change in Net Position |
|--|--------------|----------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 98,590 | \$ - | \$ - | \$ (98,590) |
| Interest and Related Costs on Long-Term Debt | 1,711,307 | - | - | (1,544,807) |
| Total Governmental Activities | \$ 1,809,897 | \$ - | \$ - | (1,643,397) |
| GENERAL REVENUES | | | | |
| Property Taxes | | | | 1,921,094 |
| Specific Ownership Taxes | | | | 87,719 |
| Interest Income | | | | 42,529 |
| Total General Revenues | | | | 2,051,342 |
| CHANGE IN NET POSITION | | | | |
| | | | | 407,945 |
| Net Position - Beginning of Year | | | | (23,364,395) |
| NET POSITION - END OF YEAR | | | | |
| | | | | \$ (22,956,450) |

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

| | General | Debt Service | Total Governmental Funds |
|--|------------|-----------------|--------------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 289,266 | \$ - | \$ 289,266 |
| Cash and Investments - Restricted | 4,600 | 304,709 | 309,309 |
| Receivable from County Treasurer | 477 | 6,247 | 6,724 |
| Prepaid Expenses | 3,025 | - | 3,025 |
| Property Taxes Receivable | 140,653 | 1,947,529 | 2,088,182 |
| Total Assets | \$ 438,021 | \$ 2,258,485 | \$ 2,696,506 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 11,378 | \$ - | \$ 11,378 |
| Total Liabilities | 11,378 | - | 11,378 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Property Tax Revenue | 140,653 | 1,947,529 | 2,088,182 |
| Total Deferred Inflows of Resources | 140,653 | 1,947,529 | 2,088,182 |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid Expenditures | 3,025 | - | 3,025 |
| Restricted for: | | | |
| Emergency Reserves | 4,600 | - | 4,600 |
| Debt Service | - | 310,956 | 310,956 |
| Assigned for: | | | |
| Assigned for Storm Drainage | 151,505 | - | 151,505 |
| Assigned for Subsequent Year Expenditures | 4,710 | - | 4,710 |
| Unassigned | 122,150 | - | 122,150 |
| Total Fund Balances | 285,990 | 310,956 | 596,946 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 438,021 | \$ 2,258,485 | |

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

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

| | |
|---|--------------|
| Bonds Payable | (22,060,000) |
| Bond Premium | (836,281) |
| Bond Insurance | 30,461 |
| Cost of Refunding, Net | 207,686 |
| Bond Interest Payable - Series 2022 Bonds | (20,700) |
| Accrued Interest Payable - Series 2019B-2 Bonds | (874,562) |

| | |
|---|-----------------|
| Net Position of Governmental Activities | \$ (22,956,450) |
|---|-----------------|

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

| | General | Debt Service | Total Governmental Funds |
|---|-------------------|-------------------|--------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 136,358 | \$ 1,784,736 | \$ 1,921,094 |
| Specific Ownership Taxes | 6,226 | 81,493 | 87,719 |
| Interest Income | 10,737 | 31,792 | 42,529 |
| Development Fee | - | 166,500 | 166,500 |
| Total Revenues | <u>153,321</u> | <u>2,064,521</u> | <u>2,217,842</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Accounting | 31,670 | - | 31,670 |
| Audit | 4,900 | - | 4,900 |
| County Treasurer's Fees | 2,046 | 26,785 | 28,831 |
| Director Fees | 800 | - | 800 |
| Dues and Memberships | 431 | - | 431 |
| Election | 1,154 | - | 1,154 |
| Insurance and Bonds | 3,011 | - | 3,011 |
| Legal | 27,732 | - | 27,732 |
| Payroll Taxes | 61 | - | 61 |
| Debt Service: | | | |
| Paying Agent Fees | - | 4,000 | 4,000 |
| Bond Principal | - | 8,008,000 | 8,008,000 |
| Bond Interest | - | 2,131,435 | 2,131,435 |
| Bond Insurance | - | 32,253 | 32,253 |
| Bond Issue Costs | - | 204,143 | 204,143 |
| Total Expenditures | <u>71,805</u> | <u>10,406,616</u> | <u>10,478,421</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 81,516 | (8,342,095) | (8,260,579) |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond Issuance | - | 7,190,000 | 7,190,000 |
| Bond Premium | - | 885,465 | 885,465 |
| Transfer (to) from Other Funds | (550,000) | 550,000 | - |
| Total Other Financing Sources (Uses) | <u>(550,000)</u> | <u>8,625,465</u> | <u>8,075,465</u> |
| NET CHANGE IN FUND BALANCES | (468,484) | 283,370 | (185,114) |
| Fund Balances - Beginning of Year | <u>754,474</u> | <u>27,586</u> | <u>782,060</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 285,990</u> | <u>\$ 310,956</u> | <u>\$ 596,946</u> |

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ (185,114)

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

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

| | |
|------------------------------------|-------------|
| Series 2022 Bond Issuance | (7,190,000) |
| Series 2022 Bond Premium | (885,465) |
| Series 2022 Bond Insurance | 32,253 |
| Series 2022 Cost of Bond Refunding | 219,900 |
| Series 2016 Bond Retirement | 7,330,000 |
| Bond Principal Payments | 678,000 |

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.

| | |
|--|------------|
| Amortization of Bond Premium | 49,184 |
| Amortization of Bond Insurance | (1,792) |
| Amortization of Cost on Bond Refunding | (12,214) |
| Change in Accrued Bond Interest Payable | 373,193 |
| Changes in Net Position of Governmental Activities | \$ 407,945 |

**FLATIRON MEADOWS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance- Positive (Negative) |
|---|--------------------|-------------------|-------------------|-------------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 139,277 | \$ 139,277 | \$ 136,358 | \$ (2,919) |
| Specific Ownership Tax | 5,571 | 5,571 | 6,226 | 655 |
| Interest Income | 300 | 300 | 10,737 | 10,437 |
| Total Revenues | <u>145,148</u> | <u>145,148</u> | <u>153,321</u> | <u>8,173</u> |
| EXPENDITURES | | | | |
| Accounting | 55,000 | 55,000 | 31,670 | 23,330 |
| Audit | 5,500 | 5,500 | 4,900 | 600 |
| County Treasurer's Fees | 2,089 | 2,089 | 2,046 | 43 |
| Director Fees | 2,000 | 2,000 | 800 | 1,200 |
| Dues and Memberships | 1,500 | 1,500 | 431 | 1,069 |
| Engineering | 10,000 | 10,000 | - | 10,000 |
| Election | 2,000 | 2,000 | 1,154 | 846 |
| Insurance and Bonds | 6,000 | 6,000 | 3,011 | 2,989 |
| Legal | 45,000 | 45,000 | 27,732 | 17,268 |
| Miscellaneous | 7,500 | 7,500 | - | 7,500 |
| Payroll Taxes | 153 | 153 | 61 | 92 |
| Storm Drainage | 51,005 | 51,005 | - | 51,005 |
| Contingency | 2,253 | 2,253 | - | 2,253 |
| Total Expenditures | <u>190,000</u> | <u>190,000</u> | <u>71,805</u> | <u>118,195</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (44,852) | (44,852) | 81,516 | 126,368 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to Other Funds | - | (550,000) | (550,000) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(550,000)</u> | <u>(550,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (44,852) | (594,852) | (468,484) | 126,368 |
| Fund Balance - Beginning of Year | <u>688,579</u> | <u>754,474</u> | <u>754,474</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 643,727</u> | <u>\$ 159,622</u> | <u>\$ 285,990</u> | <u>\$ 126,368</u> |

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended December 31, 2022.

Pooled Cash and Investments

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

Property Taxes

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

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

Deferred Inflow/Outflow 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 assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, cost on bond refunding, is deferred and recognized as an outflow of resources in the period that the amounts are incurred.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow/Outflow of Resources (Continued)

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 assets 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.

Amortization

Bond Insurance and Original Issue Premium

In the government-wide financial statements, bond insurance and bond premiums are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, government fund types recognize bond insurance and bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Bond insurance, whether or not withheld from the actual debt proceed received, are reported as expenditures. Premiums received on debt issuances are reported as other financing sources.

Cost of Bond Refunding

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

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.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

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

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

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

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

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

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-----------------------------------|------------|
| Cash and Investments | \$ 289,266 |
| Cash and Investments - Restricted | 309,309 |
| Total Cash and Investments | \$ 598,575 |

Cash and investments as of December 31, 2022, consist of the following:

| | |
|--------------------------------------|------------|
| Deposits with Financial Institutions | \$ 30,062 |
| Investments | 568,513 |
| Total Cash and Investments | \$ 598,575 |

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, 2022, the District's cash deposits had a bank balance of \$40,980 and a carrying balance of \$30,062.

Investments

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

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2022, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|--|-----------------------------------|---------------|
| Colorado Surplus Asset Trust Fund (CSAFE) | Weighted-Average Under 60 Days | \$ 568,513 |

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations 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, any security allowed under CRS 24-75-601.

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

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2022:

| | Balance December 31, 2021 | Additions | Retirement of Long-Term Obligations | Balance December 31, 2022 | Due Within One Year |
|---|---------------------------------|---------------------|---|---------------------------------|---------------------------|
| G.O. Limited Tax Bonds - Series 2016 | \$ 7,330,000 | \$ - | \$ 7,330,000 | \$ - | \$ - |
| G.O. Limited Tax Bonds - Series 2019B-1 | 568,000 | - | 568,000 | - | - |
| G.O. Limited Tax Bonds - Series 2019B-2 | 14,980,000 | - | - | 14,980,000 | - |
| G.O. Limited Tax Bonds - Series 2022 | - | 7,190,000 | 110,000 | 7,080,000 | 130,000 |
| Bond Premium - Series 2022 | - | 885,465 | 49,184 | 836,281 | - |
| Series 2019B-1 Bonds - Accrued Interest | 1,212 | 27,898 | 29,110 | - | - |
| Series 2019B-2 Bonds - Accrued Interest | 1,235,938 | 1,251,526 | 1,612,902 | 874,562 | - |
| Total | <u>\$ 24,115,150</u> | <u>\$ 9,354,889</u> | <u>\$ 9,699,196</u> | <u>\$ 23,770,843</u> | <u>\$ 130,000</u> |

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

Series 2016 General Obligation Limited Tax Bonds

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2016 General Obligation Limited Tax Bonds (Continued)

The Series 2016 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2021, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|---------------------------------------|---------------------------|
| December 1, 2021 to November 30, 2022 | 3.00% |
| December 1, 2022 to November 30, 2023 | 2.00 |
| December 1, 2023 to November 30, 2024 | 1.00 |
| December 1, 2024 and thereafter | 0.00 |

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

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

The Series 2016 General Obligation Limited Tax Bonds were refunded with the issuance of the Series 2022 General Obligation Refunding Bonds as discussed below.

Series 2022 General Obligation Refunding Bonds

On January 20, 2022 the District issued \$7,190,000 of General Obligation Limited Tax Refunding Bonds (The Series 2022 Bonds). The proceeds from the sale of the Series 2022 Bonds were used to (i) refunding all of the outstanding Series 2016 Bonds; (ii) funding a deposit to the Reserve Fund in the amount of the Required Reserve of \$236,475; (iii) purchasing a municipal bond insurance policy; and (iv) pay costs of issuing the Bonds. The Series 2022 Bonds bear interest at rates ranging from 3.000% and 4.000% and mature on December 1, 2046. Interest is payable semi-annually on June 1 and December 1, and the principal is payable annually on December 1, beginning December 1, 2022. The District refunded the Series 2016 Bonds, having an average interest rate of 5.125%, with the Series 2022 Bonds, having an average interest rate of 3.496%, to reduce its total debt services payments over the next 24 years by \$2,380,809 and to obtain an economic gain of \$1,896,521.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2022 General Obligation Limited Tax Bonds (Continued)

The Series 2022 Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) Property Tax Revenues, 2) Specific Ownership Tax Revenues, 3) Development Fees, and 4) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

The Series 2022 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, 2031, and on any date thereafter, upon payment of par, accrued interest, without a redemption premium.

The Series 2022 Bonds are also subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, beginning on December 1, 2032 and continuing each year thereafter through the final maturity on December 1, 2046.

The Indenture requires that a Required Mill Levy be imposed each year in an amount sufficient, when combined with other legally available moneys then in the Bond Fund, to pay the principal of, premium if any, and interest on the Series 2022 Bonds as the same become due and payable, and on and after such time as the Series 2019B-1 Bonds and the Series 2019B-2 Bonds are no longer outstanding under the 2019 Subordinate Bond Indenture, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but not in excess of 50 mills less the amount of the Operations Mill Levy; provided however, that in the event the method of calculating assessed valuation is or was changed on or after September 12, 2006, the mill levy provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The District levied 55.664 mills for collection in 2022.

To the extent principal of the Series 2022 Bonds is not paid when due, such principal will remain outstanding until paid, subject to discharge on December 2, 2061. To the extent interest on the Series 2022 Bonds is not paid when due, such interest will compound on each interest payment date, at the rate then borne by the bonds. The Series 2022 Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2061 regardless of the principal and interest amounts remaining unpaid.

The Series 2022 Bonds are not subject to acceleration and no assets have been pledged as collateral on the bonds.

Events of Default on the Series 2022 Bonds

Events of default occur if the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Series 2022 Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2022 Indenture.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The District's Series 2022 Bonds will mature as follows:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | | |
|---------------------------------|--------------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2023 | \$ 130,000 | \$ 248,400 | \$ 378,400 |
| 2024 | 160,000 | 243,200 | 403,200 |
| 2025 | 165,000 | 236,800 | 401,800 |
| 2026 | 180,000 | 230,200 | 410,200 |
| 2027 | 185,000 | 223,000 | 408,000 |
| 2028-2032 | 1,125,000 | 993,400 | 2,118,400 |
| 2033-2037 | 1,440,000 | 783,100 | 2,223,100 |
| 2038-2042 | 1,785,000 | 546,850 | 2,331,850 |
| 2043-2046 | 1,910,000 | 208,400 | 2,118,400 |
| Total | <u>\$ 7,080,000</u> | <u>\$ 3,713,350</u> | <u>\$ 10,793,350</u> |

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

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

2019 Subordinate Bonds Detail

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

The 2019B-1 Subordinate Bonds were issued at the rate of 5.125% per annum and are payable annually on December 15 from, and to the extent of, 2019B-1 Subordinate Pledged Revenue available, if any, and mature on December 15, 2049. The 2019B-1 Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

To the extent principal of any 2019B-1 Subordinate Bond is not paid when due, such principal shall remain outstanding until December 16, 2058, and shall continue to bear interest at the rate borne by the 2019B-1 Subordinate Bond. To the extent interest on any 2019B-1 Subordinate Bond is not paid when due, such interest shall compound on each interest payment date of December 15, at the rate borne by the 2019B-1 Subordinate Bond. All of the 2019B-1 Subordinate Bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on the December 16, 2058, regardless of the amount of principal and interest paid prior to that date. The 2019B-1 Subordinate Bonds were paid in full on December 15, 2022.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

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

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

The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Subordinate Bonds.

The Series 2019 Bonds are not subject to acceleration and no assets have been pledged as collateral on the bonds.

Events of Default on the Series 2019 Bonds

Events of default occur if the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Series 2019 Indenture, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Series 2019 Indenture.

Optional and Mandatory Redemption

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

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

Pledged Revenue

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

Subordinate Required Mill Levy

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

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

The Senior Operations Deduction means an amount reasonably determined by the District as being necessary to pay the District's operation and maintenance expenses, but not in excess of the following: (i) for levy year 2022 (for collection in 2023), the amount of \$53,076, and (ii) for each levy year thereafter, an additional 1%.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

The Subordinate Operations Mill Levy means, with respect to any particular levy year, the number of mills necessary to produce the dollar amount of the Subordinate Operations Deduction for the collection year. The Subordinate Operations Deduction means an amount reasonably determined by the District as being necessary to pay the District's operations and maintenance expenses not paid with the Senior Operations Deduction, but not in excess of the following: (i) for levy year 2022 (for collection in 2023), the amount of \$37,153, and (ii) for each levy year thereafter, an additional 1%.

The Storm Drainage Mill Levy means, with respect to any particular levy year, the number of mills necessary to produce the dollar amount of the Storm Drainage Deduction for the collection year. The Storm Drainage Deduction means an amount reasonably determined by the District as being necessary to pay District operations and maintenance costs in connection with storm drainage facilities located in Tract B, Flatiron Meadows Filing No. 10 and a portion of Tract G, Flatiron Meadows Filing No. 13, a replat of Filing No. 11, but not in excess of the following: (i) for levy year 2022 (for collection in 2023), the amount of \$53,076, and (ii) for each levy year thereafter, an additional 1%.

Mill Levy Adjustment

Senate Bill 21-293 ("SB 21-293"), which was signed by the Governor on June 23, 2021, among other things, designates multi-family residential real property as a new subclass of residential real property and temporarily reduces the residential assessment rates. Pursuant to SB 21-293, the assessment rate for multi-family residential property will be temporarily reduced from 7.15% to 6.8% for levy years 2022 and 2023, and then return to 7.15% in levy year 2024. Furthermore, pursuant to SB 21-293, the assessment rate for all residential real property, other than multi-family residential real property, will be temporarily reduced from 7.15% to 6.95% for levy years 2022 and 2023, and then return to 7.15% in levy year 2024.

Pursuant to the definition of Subordinate Required Mill Levy as set forth in the Subordinate Indenture, the maximum mill levy of 50 mills is required to be increased or decreased by the District to offset any changes in the method of calculating residential assessed valuation occurring on or after September 12, 2006. Absent corresponding increases in the District's mill levy, decreases in the residential assessment ratio would result in decreases in the District's tax revenue. As a result, the District has adjusted its debt service mill levies as authorized under the District's Service Plan and as required by the Subordinate Indenture.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

Allocation of Subordinate Pledged Revenue

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

FIRST: If both the 2019B-1 Subordinate Bonds and the 2019B-2 Subordinate Bonds are outstanding, the Subordinate Pledged Revenue shall be divided in half, with one half allocated to the 2019B-1 Subordinate Bonds, and the other half allocated to the 2019B-2 Subordinate Bonds. If Subordinate Bonds of only one series are outstanding, the allocation is to be 100% to the series which is still outstanding.

SECOND: The amount of the Storm Drainage Deduction will be deducted from the Subordinate Pledged Revenue remaining and is to be retained by the District to pay District operations and maintenance costs in connection with storm drainage facilities; provided that, for so long as any 2019B-1 Subordinate Bonds are outstanding, the entire Storm Drainage Deduction will be deducted only from the half allocated to the 2019B-1 Subordinate Bonds pursuant to FIRST above.

THIRD: The amount of Subordinate Pledged Revenue allocated to the 2019B-1 Subordinate Bonds, if any, and the amount of Subordinate Pledged Revenue allocated to the 2019B-2 Subordinate Bonds, if any, pursuant to the above is to be transferred to the Trustee.

Subordinate Bonds Debt Service

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

Debt Authorization

On November 7, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$69,909,000 at an interest rate not to exceed 18% per annum. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Authorized November 7, 2006 Election | Series 2016 Authorization Used | Series 2019B-1 Authorization Used | Series 2019B-2 Authorization Used | Series 2022 Authorization Used | Remaining at December 31, 2022 |
|---|--|--------------------------------------|---|---|--------------------------------------|--------------------------------------|
| Streets | \$ 11,371,000 | \$ 3,997,900 | \$ 1,500,000 | \$ 5,873,100 | \$ - | \$ - |
| Traffic and Safety Controls | 1,000,000 | - | - | - | - | 1,000,000 |
| Water | 5,212,000 | 959,200 | - | 2,132,757 | - | 2,120,043 |
| Sanitary and Storm Sewer | 10,905,000 | 2,698,700 | - | 7,234,143 | - | 972,157 |
| Park and Recreation | 3,466,000 | 104,200 | - | - | - | 3,361,800 |
| Public Transportation | 2,000,000 | - | - | - | - | 2,000,000 |
| Mosquito Control | 500,000 | - | - | - | - | 500,000 |
| Operations and Maintenance Contracts | 1,000,000 | - | - | - | - | 1,000,000 |
| Bond Refunding | 34,455,000 | - | - | - | 7,190,000 | 27,265,000 |
| Total | \$ 69,909,000 | \$ 7,760,000 | \$ 1,500,000 | \$ 15,240,000 | \$ 7,190,000 | \$ 38,219,000 |

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

In addition, the maximum mill levy for the District is 50.000 mills, as may be adjusted for changes in the calculation of assessed valuation of property within the District.

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

NOTE 5 NET POSITION

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

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022, as follows:

| | |
|-------------------------------|-------------------------|
| Restricted Net Position: | |
| TABOR Emergency Service | \$ 4,600 |
| Debt Service | <u>51,710</u> |
| Total Restricted Net Position | <u><u>\$ 56,310</u></u> |

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

NOTE 6 RELATED PARTY

The Developer of the property which constitutes the District is Bayou Development Corp. A member of the Board of Directors is an employee, owner, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 RISK MANAGEMENT

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

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

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

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 INTERFUND TRANSFERS

The Transfer from the General Fund to the Debt Service Fund was for the payment of Debt.

SUPPLEMENTARY INFORMATION

**FLATIRON MEADOWS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance- Positive (Negative) |
|---------------------------------------|--------------------|-------------------|-------------------|-------------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 1,822,943 | \$ 1,822,943 | \$ 1,784,736 | \$ (38,207) |
| Specific Ownership Taxes | 72,918 | 72,918 | 81,493 | 8,575 |
| Development Fees | 30,000 | 30,000 | 166,500 | 136,500 |
| Interest Income | 500 | 500 | 31,792 | 31,292 |
| Total Revenues | <u>1,926,361</u> | <u>1,926,361</u> | <u>2,064,521</u> | <u>138,160</u> |
| EXPENDITURES | | | | |
| County Treasurer's Fees | 27,344 | 27,344 | 26,785 | 559 |
| Bond Principal Series 2016 | 105,000 | 7,330,000 | 7,330,000 | - |
| Bond Principal Series 2019B-1 | 584,000 | 568,000 | 568,000 | - |
| Bond Principal Series 2022 | - | 110,000 | 110,000 | - |
| Bond Interest Series 2016 | 375,663 | 271,032 | 271,032 | - |
| Bond Interest Series 2019B-1 | 29,930 | 29,110 | 29,110 | - |
| Bond Interest Series 2019B-2 | 869,565 | 1,612,902 | 1,612,902 | - |
| Bond Interest Series 2022 | - | 218,391 | 218,391 | - |
| Bond Insurance - Series 2022 | - | 32,253 | 32,253 | - |
| Bond Issue Costs | - | 204,143 | 204,143 | - |
| Paying Agent Fees | 7,000 | 7,000 | 4,000 | 3,000 |
| Contingency | - | 39,825 | - | 39,825 |
| Total Expenditures | <u>1,998,502</u> | <u>10,450,000</u> | <u>10,406,616</u> | <u>43,384</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer from Other Fund | - | 550,000 | 550,000 | - |
| Bond Issuance | - | 7,190,000 | 7,190,000 | - |
| Bond Premium | - | 885,465 | 885,465 | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>8,625,465</u> | <u>8,625,465</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (72,141) | 101,826 | 283,370 | 181,544 |
| Fund Balance - Beginning of Year | <u>72,141</u> | <u>27,586</u> | <u>27,586</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ 129,412</u> | <u>\$ 310,956</u> | <u>\$ 181,544</u> |

OTHER INFORMATION

**FLATIRON MEADOWS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

| Bonds and Interest Maturing in the Year Ending December 31, | \$7,190,000 General Obligation Limited Tax Refunding Bonds Series 2022 Dated January 20, 2022 Interest Rate of 3% - 4% Interest Due June 1 and December 1 Principal Due December 1 | | |
|---|--|--------------|---------------|
| | Principal | Interest | Total |
| 2023 | \$ 130,000 | \$ 248,400 | \$ 378,400 |
| 2024 | 160,000 | 243,200 | 403,200 |
| 2025 | 165,000 | 236,800 | 401,800 |
| 2026 | 180,000 | 230,200 | 410,200 |
| 2027 | 185,000 | 223,000 | 408,000 |
| 2028 | 200,000 | 215,600 | 415,600 |
| 2029 | 210,000 | 207,600 | 417,600 |
| 2030 | 225,000 | 199,200 | 424,200 |
| 2031 | 235,000 | 190,200 | 425,200 |
| 2032 | 255,000 | 180,800 | 435,800 |
| 2033 | 260,000 | 173,150 | 433,150 |
| 2034 | 280,000 | 165,350 | 445,350 |
| 2035 | 285,000 | 156,950 | 441,950 |
| 2036 | 305,000 | 148,400 | 453,400 |
| 2037 | 310,000 | 139,250 | 449,250 |
| 2038 | 330,000 | 129,950 | 459,950 |
| 2039 | 340,000 | 120,050 | 460,050 |
| 2040 | 360,000 | 109,850 | 469,850 |
| 2041 | 370,000 | 99,050 | 469,050 |
| 2042 | 385,000 | 87,950 | 472,950 |
| 2043 | 395,000 | 76,400 | 471,400 |
| 2044 | 410,000 | 60,600 | 470,600 |
| 2045 | 425,000 | 44,200 | 469,200 |
| 2046 | 680,000 | 27,200 | 707,200 |
| Total | \$ 7,080,000 | \$ 3,713,350 | \$ 10,793,350 |

**FLATIRON MEADOWS METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Percent Increase | Mills Levied | | | Total Property Taxes | | Percent Collected to Levied |
|----------------------------|---|---------------------|--------------|-----------------|--------|----------------------|------------|-----------------------------------|
| | | | General | Debt Service | Total | Levied | Collected | |
| 2018 | \$ 18,302,546 | 58.36% | 29.430 | 20.570 | 50.000 | \$ 915,127 | \$ 914,459 | 91.52 % |
| 2019 | 22,914,458 | 25.20% | 32.000 | 18.000 | 50.000 | 1,145,723 | 1,073,103 | 99.93 |
| 2020 | 24,554,278 | 7.16% | 5.560 | 50.104 | 55.664 | 1,366,790 | 1,362,025 | 93.66 |
| 2021 | 28,178,668 | 14.76% | 4.893 | 50.771 | 55.664 | 1,568,537 | 1,568,441 | 99.99 |
| 2022 | 35,251,144 | 25.10% | 3.951 | 51.713 | 55.664 | 1,962,220 | 1,921,094 | 97.90 |
| Estimated for the Year | | | | | | | | |
| Ending December 31, | | | | | | | | |
| 2023 | \$ 36,637,988 | 3.93% | 3.839 | 53.156 | 56.995 | \$ 2,088,182 | | |

NOTE:

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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
TOP TEN TAXPAYERS
IN THE DISTRICT
DECEMBER 31, 2022
UNAUDITED**

| Property Class | 2022 Actual Valuation | | 2022 Assessed Valuation | |
|-------------------|--------------------------|---------|----------------------------|---------|
| | Total | Percent | Total | Percent |
| Vacant | \$ 1,850,479 | 0.36% | \$ 536,641 | 1.46% |
| Residential | 507,509,695 | 96.55% | 35,271,942 | 96.27% |
| Oil and Gas | 171,551 | 0.03% | 51,822 | 0.14% |
| State Assessed | 16,081,236 | 3.05% | 775,337 | 2.12% |
| Natural Resources | 2,400 | 0.00% | 696 | 0.00% |
| Commercial | 5,346 | 0.01% | 1,550 | 0.01% |
| Total | <u>\$ 525,620,707</u> | 100.00% | <u>\$ 36,637,988</u> | 100.00% |

**FLATIRON MEADOWS METROPOLITAN DISTRICT
TOP TEN TAXPAYERS
IN THE DISTRICT
DECEMBER 31, 2022
UNAUDITED**

Ten Largest Owners of Taxable Property within the District

| <u>Taxpayer Name</u> | <u>2022 Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation (1)</u> |
|----------------------------------|---|--|
| Public Svc Co of Colorado - Xcel | \$ 775,337 | 2.12% |
| KB Home Colorado Inc | 334,048 | 0.91% |
| HT Flatiron LP | 104,077 | 0.28% |
| Homeowner #1 | 99,629 | 0.27% |
| Homeowner #2 | 96,966 | 0.26% |
| Homeowner #3 | 75,039 | 0.20% |
| Homeowner #4 | 73,615 | 0.20% |
| Homeowner #5 | 72,801 | 0.20% |
| Homeowner #6 | 71,022 | 0.19% |
| Homeowner #7 | 70,285 | 0.19% |
| Total | <u>\$ 1,772,819</u> | <u>4.82%</u> |

(1) Defined herein as the Landowner.

(2) Based on a 2022 certified assessed valuation of:

\$ 36,637,988