

**ADAMS EAST METROPOLITAN DISTRICT
COUNTY OF ADAMS, STATE OF COLORADO**

ANNUAL REPORT FOR FISCAL YEAR 2022

Pursuant to the Service Plan for Adams East Metropolitan District (the “District”), the District is required to provide an annual report to the 4430 S. Adams County Parkway. In accordance with the requirements of § 32-1-207(3)(c), C.R.S., the District hereby provides its’ annual report with regard to the following matters:

- a. Boundary changes made;
- b. Intergovernmental agreements entered into or terminated with other governmental entities;
- c. Access information to obtain a copy of rules and regulations adopted by the Board;
- d. A summary of any litigation involving public improvements owned by the District;
- e. The status of the construction of public improvements by the District;
- f. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the County;
- g. The final assessed valuation of the District as of December 31 of the report year;
- h. A copy of the current year’s budget;
- i. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, Part 6 of Article 1 of Title 29, or the application for exemption;
- j. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument; and
- k. Any inability of the District to pay its obligations as they become due under any obligation which continue beyond a ninety (90) day period.

For the year ending December 31, 2022, the District makes the following report:

- a. Boundary changes made;

The District boundaries changed in 2022 to include the property known as: Lot 1, Block 1, Brighton Crossing Filing No. 2 - 1st Amendment, also known as Parcel No. 0156902201003, and Lot 2, Block 1, Brighton Crossing Filing No. 2 - 1st Amendment, also known as Parcel No. 0156902201004, and Lot 2, Block

19, Brighton Crossing Filing No. 2, also known as Parcel No. 0156902201006. A map of the current District boundaries is attached hereto as **Exhibit A**.

- b. Intergovernmental agreements entered into or terminated with other governmental entities;

During the report year the District entered into an amended Statement of Work (“SOW”) under an existing IGA with Bromley Park Metropolitan District No. 3, for public improvements related to the Brighton Crossing development.

- c. Access information to obtain a copy of rules and regulations adopted by the Board;

There are no rules and regulations.

- d. A summary of any litigation involving public improvements owned by the District;

We are not aware of any litigation, pending or threatened, involving public improvements owned by the District.

- e. The status of the construction of public improvements by the District;

During the report year certain roadway, drainage and other public improvements were constructed within the District in connection with the Brighton Crossing development.

- f. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the County;

No Public Improvements were dedicated to the County during the report year.

- g. The final assessed valuation of the District as of December 31 of the report year;

The assessed value for 2022 was \$12,567,290.

- h. A copy of the current year’s budget;

The budget resolution and any subsequent amendments thereto for the current year is attached hereto as **Exhibit B**.

- i. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, Part 6 of Article 1 of Title 29, or the application for exemption;

The audited financial statements, as required by the "Colorado Local Government Audit Law," Part 6 of Article 1 of Title 29, are attached hereto as **Exhibit C**.

- j. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument;

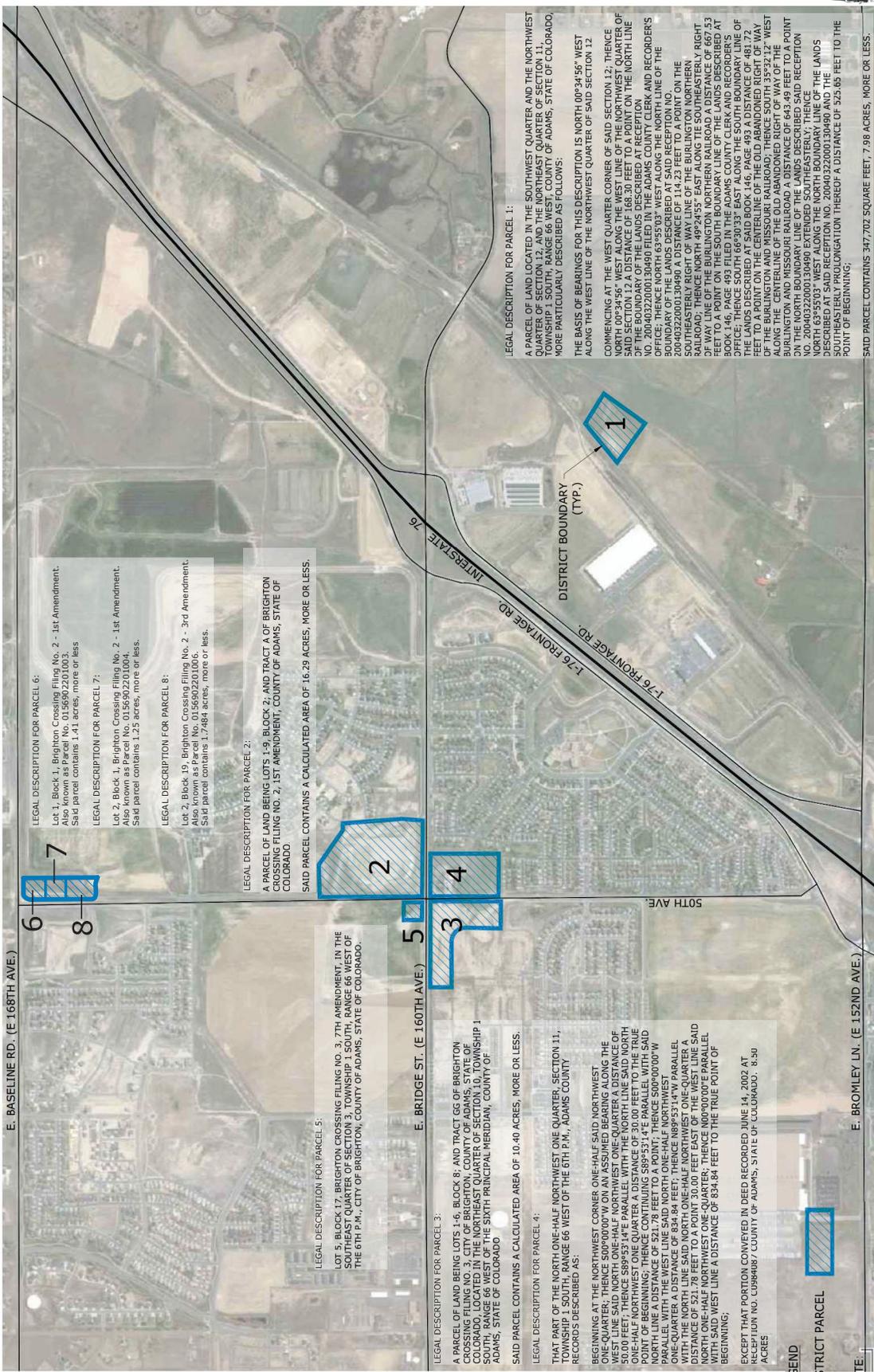
The District has not received any notices of uncured events of default under any Debt instrument.

- k. Any inability of the District to pay its obligations as they become due under any obligation which continue beyond a ninety (90) day period.

The District is not aware of any conditions or events that prohibit or limit the District's ability to pay its obligations as they become due under any obligation which continues beyond a ninety (90) day period.

EXHIBIT A
BOUNDARY MAP

DISTRICT BOUNDARY MAP



CIVIL RESOURCES, LLC
 323 5th STREET
 P.O. Box 680
 FREDERICK, CO. 80501
 303.833.1416 (P)
 303.833.2850 (F)
 WWW.CIVILRESOURCES.COM

FOR: ADAMS EAST METROPOLITAN DISTRICT
 3895 LEWISTON ST., SUITE 140
 ADAMS CO. 80001
 303.831.4466 (P)

ADAMS EAST METROPOLITAN DISTRICT
 ADAMS COUNTY, COLORADO

| NO. | DESCRIPTION | DATE |
|-----|-------------|------|
| | | |
| | | |
| | | |

DESIGNED BY: SRK DATE: June, 2013
 DRAWN BY: SRK SCALE: N/A
 CHECKED BY: SRK
 DATE: 06/11/13
 FILE NAME: AEMD MAP 2/06

DISTRICT BOUNDARY MAP

1

LEGAL DESCRIPTION FOR PARCEL 6:
 Lot 1, Block 1, Brighton Crossing Filing No. 2 - 1st Amendment, Also known as Parcel No. 0156902201006.
 Said parcel contains 1.41 acres, more or less.

LEGAL DESCRIPTION FOR PARCEL 7:
 Lot 2, Block 1, Brighton Crossing Filing No. 2 - 1st Amendment, Also known as Parcel No. 0156902201004.
 Said parcel contains 1.25 acres, more or less.

LEGAL DESCRIPTION FOR PARCEL 8:
 Lot 2, Block 19, Brighton Crossing Filing No. 2 - 3rd Amendment, Also known as Parcel No. 0156902201006.
 Said parcel contains 1.7484 acres, more or less.

LEGAL DESCRIPTION FOR PARCEL 2:
 A PARCEL OF LAND BEING LOTS 1-9, BLOCK 2, AND TRACT A OF BRIGHTON CROSSING FILING NO. 2, 1ST AMENDMENT, COUNTY OF ADAMS, STATE OF COLORADO.
 SAID PARCEL CONTAINS A CALCULATED AREA OF 16.29 ACRES, MORE OR LESS.

LEGAL DESCRIPTION FOR PARCELS 5:
 LOT 5, BLOCK 17, BRIGHTON CROSSING FILING NO. 3, 7TH AMENDMENT, IN THE SOUTHWEST QUARTER OF SECTION 3, TOWNSHIP 1 SOUTH, RANGE 66 WEST OF THE 6TH P.M., CITY OF BRIGHTON, COUNTY OF ADAMS, STATE OF COLORADO.

LEGAL DESCRIPTION FOR PARCEL 3:
 A PARCEL OF LAND BEING LOTS 1-6, BLOCK 8; AND TRACT GG OF BRIGHTON CROSSING FILING NO. 3, CITY OF BRIGHTON, COUNTY OF ADAMS, STATE OF COLORADO, LOCATED IN THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 1 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF ADAMS, STATE OF COLORADO.
 SAID PARCEL CONTAINS A CALCULATED AREA OF 10.40 ACRES, MORE OR LESS.

LEGAL DESCRIPTION FOR PARCEL 4:
 THAT PART OF THE NORTH ONE-HALF NORTHWEST ONE QUARTER, SECTION 11, TOWNSHIP 1 SOUTH, RANGE 66 WEST OF THE 6TH P.M., ADAMS COUNTY RECORDS DESCRIBED AS:
 BEGINNING AT THE NORTHWEST CORNER ONE-HALF SAID NORTHWEST ONE-QUARTER; THENCE S00°00'00"W ON AN ASSUMED BEARING ALONG THE WEST LINE SAID NORTH ONE-HALF NORTHWEST ONE-QUARTER A DISTANCE OF 30.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING S89°53'14"E PARALLEL WITH SAID NORTH LINE A DISTANCE OF 521.78 FEET TO A POINT; THENCE S00°00'00"W PARALLEL WITH THE WEST LINE SAID NORTH ONE-HALF NORTHWEST ONE-QUARTER A DISTANCE OF 521.78 FEET TO A POINT 30.00 FEET EAST OF THE WEST LINE SAID NORTH ONE-HALF NORTHWEST ONE-QUARTER; THENCE N00°00'00"E PARALLEL WITH THE WEST LINE A DISTANCE OF 834.84 FEET TO THE TRUE POINT OF BEGINNING;
 EXCEPT THAT PORTION CONVEYED IN DEED RECORDED JUNE 14, 2002 AT RECEPTION NO. C0984987 COUNTY OF ADAMS, STATE OF COLORADO. 8.50 ACRES

LEGAL DESCRIPTION FOR PARCEL 1:
 A PARCEL OF LAND LOCATED IN THE SOUTHWEST QUARTER AND THE NORTHWEST QUARTER OF SECTION 12, AND THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 1 SOUTH, RANGE 66 WEST OF THE 6TH P.M., ADAMS COUNTY RECORDS DESCRIBED AS FOLLOWS:
 THE BASIS OF BEARINGS FOR THIS DESCRIPTION IS NORTH 00°34'56" WEST ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 12 COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 12; THENCE NORTH 00°34'56" WEST ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 12 A DISTANCE OF 668.30 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 12; THENCE S00°00'00"W ALONG THE SOUTH BOUNDARY OF SAID SECTION 12 A DISTANCE OF 114.23 FEET TO A POINT ON THE BOUNDARY OF THE LANDS DESCRIBED AT SAID RECEPTION NO. 20040322000130490 FILED IN THE ADAMS COUNTY CLERK AND RECORDERS OFFICE; THENCE NORTH 63°55'03" WEST ALONG THE NORTH LINE OF THE BOUNDARY OF THE LANDS DESCRIBED AT SAID RECEPTION NO. 20040322000130490 A DISTANCE OF 114.23 FEET TO A POINT ON THE BOUNDARY OF THE LANDS DESCRIBED AT SAID RECEPTION NO. 20040322000130490; THENCE NORTH 49°24'53" EAST ALONG THE SOUTHEASTERN RIGHT OF WAY LINE OF THE BURLINGTON NORTHERN RAILROAD A DISTANCE OF 667.53 FEET TO A POINT ON THE SOUTH BOUNDARY LINE OF THE LANDS DESCRIBED AT SAID RECEPTION NO. 20040322000130490; THENCE SOUTH 63°55'03" EAST ALONG THE SOUTH BOUNDARY OF THE LANDS DESCRIBED AT SAID BOOK 146, PAGE 493 A DISTANCE OF 481.72 FEET TO A POINT ON THE CENTERLINE OF THE OLD ABANDONED RIGHT OF WAY OF THE BURLINGTON AND MISSOURI RAILROAD; THENCE SOUTH 35°32'12" WEST TO A POINT ON THE CENTERLINE OF THE OLD ABANDONED RIGHT OF WAY OF THE BURLINGTON AND MISSOURI RAILROAD A DISTANCE OF 643.48 FEET TO A POINT ON THE NORTH BOUNDARY LINE OF THE LANDS DESCRIBED SAID RECEPTION NO. 20040322000130490 EXTENDED SOUTHEASTERLY; THENCE NORTH 63°55'03" WEST ALONG THE NORTH BOUNDARY LINE OF THE LANDS DESCRIBED AT SAID RECEPTION NO. 20040322000130490 A DISTANCE OF 668.30 FEET TO THE POINT OF BEGINNING;

SAID PARCEL CONTAINS 347,700 SQUARE FEET, 7.98 ACRES, MORE OR LESS.

LEGEND
 DISTRICT PARCEL
 DISTRICT BOUNDARY (TYP.)

NOTE:
 PARCEL 1 IS WITHIN ADAMS COUNTY
 PARCELS 4 & 5 ARE WITHIN BRIGHTON CITY LIMITS

EXHIBIT B-1
2023 BUDGET RESOLUTION

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR TO HELP DEFRAID THE COSTS OF THE GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE ADAMS EAST METROPOLITAN DISTRICT, ADAMS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023 AND ENDING ON THE LAST DAY OF DECEMBER, 2023.

WHEREAS, the Board of Directors (the “Board”) of the Adams East Metropolitan District (the “District”) has authorized its consultants, treasurer and legal counsel to prepare and submit a proposed budget to said governing body no later than October 15, 2022; and

WHEREAS, the proposed 2023 budget has been submitted to the Board for its consideration; and

WHEREAS, upon due and proper notice, posted in accordance with Colorado law and published on Thursday, October 27, 2022 in the Brighton Standard-Blade, said proposed budget was open for inspection by the public at a designated place, a public hearing was held at 11:30 AM on Tuesday, November 22, 2022, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ADAMS EAST METROPOLITAN DISTRICT, ADAMS COUNTY, COLORADO, AS FOLLOWS:

Section 1. Summary of 2023 Revenues and 2023 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2023, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, or as amended, and attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023.

Section 3. 2023 Levy of General Property Taxes. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the General Fund for operating expenses is \$226,211, and that the 2022 valuation for assessment, as certified by the Adams County Assessor, is \$12,567,290. That for the purposes of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 18.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2022.

Section 4. 2023 Levy of Debt Retirement Expenses. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$87,971 and that the 2022 valuation for assessment, as certified by the Adams County Assessor, is \$12,567,290. That for the purposes of meeting all debt retirement expenses of the District during the 2023 budget year, there is hereby levied a tax of 7.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2022.

Section 5. Certification to Board of County Commissioners. That the attorney, accountant or manager for the District is hereby authorized and directed to certify to the Adams County Board of County Commissioners, no later than December 15, 2022, the mill levies for the District hereinabove determined and set. That said certification shall be substantially in the same form as attached hereto and incorporated herein by this reference.

Section 6. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 7. Budget Certification. That the budget shall be certified by the Secretary/Treasurer of the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director J VonLembke.

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 22, 2022.

ADAMS EAST METROPOLITAN DISTRICT

By:



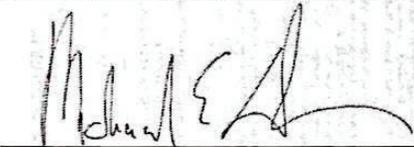
Robert A. Lembke, President

ATTEST:



Ronald E. von Lembke, Secretary/Treasurer

APPROVED AS TO FORM:
LAW OFFICE OF MICHAEL E. DAVIS, LLC
As General Counsel to the District



STATE OF COLORADO
COUNTY OF ADAMS
ADAMS EAST METROPOLITAN DISTRICT

I, Ronald E. von Lembke, hereby certify that I am a director and the duly elected and qualified Secretary/Treasurer of Adams East Metropolitan District (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 11:30 AM on Tuesday, November 22, 2022, at 8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111, by videoconference at <https://us06web.zoom.us/j/83989598417>, and by teleconference at +1 669 900 6833, Meeting ID: 839 8959 8417, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2023; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name on November 22, 2022.



Ronald E. von Lembke, Secretary/Treasurer

EXHIBIT A
2023 BUDGET DOCUMENT & BUDGET MESSAGE FOR
ADAMS EAST METROPOLITAN DISTRICT

ADAMS EAST METROPOLITAN DISTRICT NO. 5
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**ADAMS EAST METRO DISTRICT
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|---------------------|---------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 2,316,573 | \$ 2,655,695 | \$ 3,082,278 |
| REVENUES | | | |
| Property Taxes | 278,436 | 318,548 | 314,182 |
| Specific Ownership Taxes | 20,854 | 16,000 | 21,993 |
| Interest Income | 2,052 | 2,600 | 3,500 |
| IGA Revenue | - | 374,558 | - |
| Sales Tax | 795,493 | 750,000 | 750,000 |
| Total revenues | <u>1,096,835</u> | <u>1,461,706</u> | <u>1,090,675</u> |
| TRANSFERS IN | <u>-</u> | <u>897,029</u> | <u>60,508</u> |
| Total funds available | <u>3,413,408</u> | <u>5,014,430</u> | <u>4,233,461</u> |
| EXPENDITURES | | | |
| General Fund | 82,274 | 228,790 | 1,207,293 |
| Debt Service Fund | 672,422 | 673,439 | 2,692,047 |
| Capital Projects Fund | 3,017 | 132,894 | - |
| Total expenditures | <u>757,713</u> | <u>1,035,123</u> | <u>3,899,340</u> |
| TRANSFERS OUT | <u>-</u> | <u>897,029</u> | <u>60,508</u> |
| Total expenditures and transfers out requiring appropriation | <u>757,713</u> | <u>1,932,152</u> | <u>3,959,848</u> |
| ENDING FUND BALANCES | <u>\$ 2,655,695</u> | <u>\$ 3,082,278</u> | <u>\$ 273,613</u> |
| EMERGENCY RESERVE | \$ 6,600 | \$ 7,000 | \$ 6,900 |
| AVAILABLE FOR OPERATIONS | <u>286,106</u> | <u>1,185,187</u> | <u>266,712</u> |
| | <u>\$ 292,706</u> | <u>\$ 1,192,187</u> | <u>\$ 273,612</u> |
| DEBT SERVICE | 1,857,824 | 1,890,091 | - |
| CAPITAL PROJECTS | 505,165 | - | - |
| TOTAL | <u>\$ 2,655,695</u> | <u>\$ 3,082,278</u> | <u>\$ 273,612</u> |

No assurance provided. See summary of significant assumptions.

**ADAMS EAST METRO DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| ASSESSED VALUATION | \$ 11,373,580 | \$ 12,529,370 | \$ - |
| Agricultural | - | - | 90 |
| Commercial | - | - | 9,781,900 |
| State Assessed | - | - | 2,720 |
| Vacant land | - | - | 1,495,920 |
| Personal | | | 1,286,660 |
| | <u>11,373,580</u> | <u>12,529,370</u> | <u>12,567,290</u> |
| Certified Assessed Value | <u>\$ 11,373,580</u> | <u>\$ 12,529,370</u> | <u>\$ 12,567,290</u> |
| MILL LEVY | | | |
| General | 18.000 | 18.000 | 18.000 |
| Debt Service | 7.000 | 7.000 | 7.000 |
| Refund and abatements | 0.000 | 0.424 | 0.000 |
| Total mill levy | <u>25.000</u> | <u>25.424</u> | <u>25.000</u> |
| PROPERTY TAXES | | | |
| General | \$ 204,724 | \$ 225,529 | \$ 226,211 |
| Debt Service | 79,615 | 87,706 | 87,971 |
| Levied property taxes | <u>284,339</u> | <u>313,235</u> | <u>314,182</u> |
| Adjustments to actual/rounding | (5,903) | - | - |
| Refunds and abatements | - | 5,313 | - |
| Budgeted property taxes | <u>\$ 278,436</u> | <u>\$ 318,548</u> | <u>\$ 314,182</u> |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 200,473 | \$ 230,842 | \$ 226,211 |
| Debt Service | \$ 77,963 | \$ 87,706 | \$ 87,971 |
| | <u>\$ 278,436</u> | <u>\$ 318,548</u> | <u>\$ 314,182</u> |

No assurance provided. See summary of significant assumptions.

**ADAMS EAST METRO DISTRICT
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|-------------------|---------------------|-------------------|
| BEGINNING FUND BALANCE | \$ 158,288 | \$ 292,706 | \$ 1,192,187 |
| REVENUES | | | |
| Property taxes | 200,473 | 230,842 | 226,211 |
| Specific ownership tax | 15,015 | - | - |
| Interest income | 1,204 | 400 | 1,000 |
| Other revenue | - | - | 1,000 |
| Total revenues | <u>216,692</u> | <u>231,242</u> | <u>228,211</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>-</u> | <u>897,029</u> | <u>60,508</u> |
| Total funds available | <u>374,980</u> | <u>1,420,977</u> | <u>1,480,906</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 11,147 | 55,000 | 25,000 |
| Accounting Consulting | - | 20,000 | 20,000 |
| Auditing | 10,500 | 8,500 | 10,500 |
| County Treasurer's fee | 3,896 | 3,463 | 3,393 |
| District management | 9,489 | 10,000 | 45,000 |
| Directors' fees | 3,200 | 4,000 | 4,000 |
| Dues and licenses | 392 | - | 1,500 |
| Insurance and bonds | 2,543 | 3,453 | 5,000 |
| Landscaping | - | 553 | 1,000 |
| Legal services | 21,990 | 20,000 | 25,000 |
| Miscellaneous | 2,171 | - | 5,000 |
| Permits | 865 | - | 5,000 |
| Repairs and maintenance | 14,979 | 10,000 | 20,000 |
| Support Services | 1,102 | 1,500 | 20,000 |
| Engineering | - | - | 10,000 |
| Contingency | - | 15,000 | 6,900 |
| Developer advance - principal | - | 36,400 | - |
| Developer advance - interest | - | 40,921 | - |
| Capital outlay | - | - | 1,000,000 |
| Total expenditures | <u>82,274</u> | <u>228,790</u> | <u>1,207,293</u> |
| Total expenditures and transfers out requiring appropriation | <u>82,274</u> | <u>228,790</u> | <u>1,207,293</u> |
| ENDING FUND BALANCE | <u>\$ 292,706</u> | <u>\$ 1,192,187</u> | <u>\$ 273,612</u> |
| EMERGENCY RESERVE | \$ 6,600 | \$ 7,000 | \$ 6,900 |
| AVAILABLE FOR OPERATIONS | 286,106 | 1,185,187 | 266,712 |
| TOTAL RESERVE | <u>\$ 292,706</u> | <u>\$ 1,192,187</u> | <u>\$ 273,612</u> |

No assurance provided. See summary of significant assumptions.

**ADAMS EAST METRO DISTRICT
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ 1,650,130 | \$ 1,857,824 | \$ 1,890,091 |
| REVENUES | | | |
| Sales tax | 795,493 | 750,000 | 750,000 |
| Property taxes | 77,963 | 87,706 | 87,971 |
| Specific ownership tax | 5,839 | 16,000 | 21,993 |
| Interest income | 821 | 2,000 | 2,500 |
| Total revenues | 880,116 | 855,706 | 862,464 |
| Total funds available | 2,530,246 | 2,713,530 | 2,752,555 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 1,178 | 1,519 | 1,320 |
| Debt Service | | | |
| Bond interest | 150,535 | 127,539 | 103,524 |
| Bond principal | 518,885 | 541,881 | 565,896 |
| Paying agent fees | 1,824 | 2,500 | 2,500 |
| Additional principal | - | - | 2,018,807 |
| Total expenditures | 672,422 | 673,439 | 2,692,047 |
| TRANSFERS OUT | | | |
| Transfers to other fund | - | 150,000 | 60,508 |
| Total expenditures and transfers out requiring appropriation | 672,422 | 823,439 | 2,752,555 |
| ENDING FUND BALANCE | \$ 1,857,824 | \$ 1,890,091 | \$ 0 |

No assurance provided. See summary of significant assumptions.

**ADAMS EAST METRO DISTRICT
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|-------------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ 508,155 | \$ 505,165 | \$ - |
| REVENUES | | | |
| Interest income | 27 | 200 | - |
| IGA Revenue | - | 374,558 | - |
| Total revenues | <u>27</u> | <u>374,758</u> | <u>-</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>-</u> | <u>-</u> | <u>-</u> |
| Total funds available | <u>508,182</u> | <u>879,923</u> | <u>-</u> |
| EXPENDITURES | | | |
| Capital outlay | 3,017 | - | - |
| Developer advance - principal | - | 49,086 | - |
| Developer advance - interest | - | 83,808 | - |
| Total expenditures | <u>3,017</u> | <u>132,894</u> | <u>-</u> |
| TRANSFERS OUT | | | |
| Transfers to other fund | <u>-</u> | <u>747,029</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>3,017</u> | <u>879,923</u> | <u>-</u> |
| ENDING FUND BALANCE | <u>\$ 505,165</u> | <u>\$ 0</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**ADAMS EAST METRO DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was established principally to coordinate the construction, acquisition, financing and maintenance of public improvements, including streets and safety control, landscaping, water, sewer, storm drainage, television relay and park and recreation improvements and facilities. The District's service area is located in Adams County, Colorado.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

**ADAMS EAST METRO DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (cont)

Sales Tax

The District has entered into an agreement for remittance of sales taxes whereby the District is to receive and administer the sales and use tax revenues from properties within the District's boundaries.

Net Investment Income

Interest earned on the District's available funds has been estimated based on historical data

Expenditures

Administrative Expenses

Administrative expenses have been budgeted to include the services traditionally associated with government such as legal, accounting, support services, insurance, maintenance and other administrative expenses.

Capital Outlay

Anticipated capital outlay expenditures are based on potential capital projects the district may construct.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property tax collected.

Debt and Leases

Debt Service

Debt service expenditures have been budgeted based on scheduled debt service payments and administrative costs associated with debt obligations. On July 24, 2019 a loan was entered into for \$4,275,000 for Limited General Obligation and Sales Tax for Refunding and Improvement Loan Series 2019. In 2023 a total principal amount of \$565,896 and interest of \$103,524 are budgeted to cover debt service on the 2019 loan. Principal and interest payments are due quarterly on January 1, April, 1, July 1, and October 1. The interest rate on the series 2022 loan is 4.36%. The loan is currently callable without prepayment penalty.

Leases

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to 3% or more of its fiscal year spending for 2023 (excluding any bonded debt service) pursuant to TABOR

**ADAMS EAST METRO DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

This information is an integral part of the accompanying budget.

**ADAMS EAST METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$4,275,000 Series 2019

Refunding and Improvement Revenue Note

Interest Rate of 4.36%

Principal and Interest Due Quarterly on January 1, April 1, July 1 and October 1

| | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|------|---------------------|-------------------|-------------------------------|
| 2023 | \$ 565,896 | \$ 103,524 | \$ 669,420 |
| 2024 | 590,975 | 78,445 | 669,420 |
| 2025 | 617,167 | 52,253 | 669,420 |
| 2026 | 810,665 | 26,112 | 836,777 |
| | <u>\$ 2,584,703</u> | <u>\$ 260,334</u> | <u>\$ 2,845,037</u> |

CERTIFICATION OF TAX LEVIES¹ for NON-SCHOOL Governments

TO: County Commissioners¹ of ADAMS COUNTY, Colorado.

On behalf of the ADAMS EAST METROPOLITAN DISTRICT,
 (taxing entity)^A

the BOARD OF DIRECTORS
 (governing body)^B

of the ADAMS EAST METROPOLITAN DISTRICT
 (local government)^C

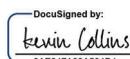
Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 12,567,290 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 12,567,290 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/5/22 for budget/fiscal year 2023.
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

| PURPOSE (see end notes for definitions and examples) | LEVY ² | REVENUE ² |
|--|---------------------|----------------------|
| 1. General Operating Expenses ^H | 18.000 mills | \$ 226,211 |
| 2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I | < > mills | \$ < > |
| SUBTOTAL FOR GENERAL OPERATING: | 18.000 mills | \$ 226,211 |
| 3. General Obligation Bonds and Interest ^J | 7.000 mills | \$ 87,971 |
| 4. Contractual Obligations ^K | mills | \$ |
| 5. Capital Expenditures ^L | mills | \$ |
| 6. Refunds/Abatements ^M | mills | \$ |
| 7. Other ^N (specify): _____ | mills | \$ |
| _____ | mills | \$ |
| TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7] | 25.000 mills | \$314,182 |

Contact person: Kevin Collins Daytime phone: (303) 521-8625

Signed:  Title: CFO

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- 1. Purpose of Issue: \$4,275,000 Refunding and Improvement Revenue Note
 Series: 2019
 Date of Issue: 7/24/2019
 Coupon Rate: 4.36%
 Maturity Date: 12/1/2026
 Levy: 7.000
 Revenue: \$87,971

- 2. Purpose of Issue: _____
 Series: _____
 Date of Issue: _____
 Coupon Rate: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

CONTRACTS^K:

- 3. Purpose of Contract: _____
 Title: _____
 Date: _____
 Principal Amount: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

- 4. Purpose of Contract: _____
 Title: _____
 Date: _____
 Principal Amount: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

EXHIBIT B-2
2023 BUDGET AMENDMENT

**RESOLUTION TO AMEND 2023 BUDGET
ADAMS EAST METROPOLITAN DISTRICT**

WHEREAS, the Board of Directors of Adams East Metropolitan District (the "District") certifies that at a Regular meeting of the Board of Directors of the District held on February 28, 2023 regarding an amendment to the 2023 budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted a budget and appropriated funds for the fiscal year 2023 as follows:

Debt Service Fund \$2,752,555

WHEREAS, the necessity has arisen for appropriation and expenditure of funds from the Debt Service Fund in excess of those appropriated for fiscal year 2023, as reflected by satisfactory evidence presented to the Board of Directors at this meeting.

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of the adoption of the budget.

WHEREAS, funds are available for the additional expenditures.

WHEREAS, upon due and proper notice, published and/or posted in accordance with law, the proposed budget amendment was available for inspection by the public at a designated public office, a hearing was held on February 28, 2023, and interested electors were given the opportunity to file or register any objections to said proposed budget amendment.

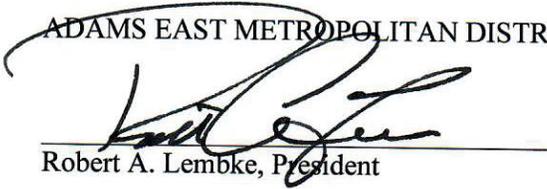
NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District shall and hereby does amend the adopted budget for fiscal year 2023, as follows:

Debt Service Fund 3,700,000

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the Debt Service Fund for the purposes stated.

ADOPTED AND APPROVED ON FEBRUARY 28, 2023.

ADAMS EAST METROPOLITAN DISTRICT


Robert A. Lembke, President

STATE OF COLORADO

COUNTY OF _____

ADAMS EAST METROPOLITAN DISTRICT

I, Ronald E. von Lembke, hereby certify that I am a director and the duly elected and qualified Secretary/Treasurer of the Adams East Metropolitan District (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 11:30 AM on February 28, 2023, at via teleconference by dialing +1 669 900 6833 and entering Conference ID: 839 8959 8417 or videoconference on <https://us06web.zoom.us/j/83989598417>. as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for the amended budget for fiscal year 2023; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name February 28, 2023.

By:  _____

Ronald E. von Lembke, Secretary/Treasurer

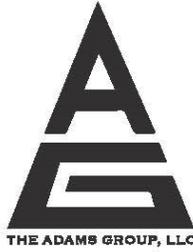
EXHIBIT C
2022 AUDITED FINANCIAL STATEMENTS

ADAMS EAST METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Adams East Metropolitan District
Adams County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Adams East 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 Adams East Metropolitan District, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison schedule 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 Auditors' 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.

Auditors' 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 auditors' 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 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the schedule of debt service requirements to maturity and the schedule of assessed valuation, mill levy, and property taxes collected, but does not include the basic financial statements and our auditors' 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.

The Adams Group, LLC

Denver, Colorado
March 27, 2023

BASIC FINANCIAL STATEMENTS

ADAMS EAST METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| <u>Assets</u> | |
| Cash and investments - unrestricted | \$ 2,580,325 |
| Cash and investments - restricted | 927,317 |
| Receivable from county treasurer | 1,881 |
| Prepaid items | 2,113 |
| Property taxes receivable | 314,182 |
| Due from other governments | 208,094 |
| Total Assets | <u>4,033,912</u> |
| <u>Liabilities</u> | |
| Accounts payable | 15,942 |
| Accrued liabilities | 4,091 |
| Accrued interest on notes | 28,174 |
| Note payable: | |
| Due within one year | 565,896 |
| Due in more than one year | 2,018,807 |
| Total Liabilities | <u>2,632,910</u> |
| <u>Deferred Inflows of Resources</u> | |
| Unavailable property taxes | 314,182 |
| Total Deferred Outflows of Resources | <u>314,182</u> |
| <u>Net Position</u> | |
| Restricted | |
| Emergencies | 47,500 |
| Debt service | 2,678,990 |
| Unrestricted | (1,639,670) |
| Total Net Position | <u>\$ 1,086,820</u> |

The accompanying notes are an integral part of the financial statements.

ADAMS EAST METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position |
|---|------------------|-------------------------|--|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | | |
| General government | \$ 121,736 | \$ - | \$ - | \$ - | \$ (121,736) |
| Interest and expenses on long-term debt | 125,889 | - | - | - | (125,889) |
| Total Governmental Activities | \$ 247,625 | \$ - | \$ - | \$ - | (247,625) |
| GENERAL REVENUES: | | | | | |
| Property taxes | | | | | 316,341 |
| Specific ownership taxes | | | | | 23,084 |
| Sales taxes | | | | | 865,455 |
| Investment earnings | | | | | 11,123 |
| Intergovernmental | | | | | 830,870 |
| Total General revenues | | | | | 2,046,873 |
| Change in net position | | | | | 1,799,248 |
| Net Position, Beginning | | | | | (712,428) |
| Net Position, Ending | | | | | \$ 1,086,820 |

The accompanying notes are an integral part of the financial statements.

ADAMS EAST METROPOLITAN DISTRICT
GOVERNMENTAL FUNDS – BALANCE SHEET
DECEMBER 31, 2022

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|--|---------------------|------------------------------|----------------------------------|---|
| <u>Assets</u> | | | | |
| Cash and investments - unrestricted | \$ 1,010,453 | \$ 1,569,872 | \$ - | \$ 2,580,325 |
| Cash and investments - restricted | - | 927,317 | - | 927,317 |
| Receivable with county treasurer | - | 1,881 | - | 1,881 |
| Property taxes receivable | 226,211 | 87,971 | - | 314,182 |
| Due from other governments | - | 208,094 | - | 208,094 |
| Prepaid items | 2,113 | - | - | 2,113 |
| Total Assets | <u>\$ 1,238,777</u> | <u>\$ 2,795,135</u> | <u>\$ -</u> | <u>\$ 4,033,912</u> |
| <u>Liabilities, deferred inflows of resources and fund balance</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 15,942 | \$ - | \$ - | \$ 15,942 |
| Accrued liabilities | 4,091 | - | - | 4,091 |
| Total Liabilities | <u>20,033</u> | <u>-</u> | <u>-</u> | <u>20,033</u> |
| <u>Deferred inflows of resources</u> | | | | |
| Unavailable property taxes | 226,211 | 87,971 | - | 314,182 |
| Total Deferred Inflows of Resources | <u>226,211</u> | <u>87,971</u> | <u>-</u> | <u>314,182</u> |
| Fund balance: | | | | |
| Nonspendable | | | | |
| Prepaid items | 2,113 | - | - | 2,113 |
| Restricted | | | | |
| Emergencies | 47,500 | - | - | 47,500 |
| Debt service | - | 2,707,164 | - | 2,707,164 |
| Unassigned | 942,920 | - | - | 942,920 |
| Total Fund Balances | <u>992,533</u> | <u>2,707,164</u> | <u>-</u> | <u>3,699,697</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 1,238,777</u> | <u>\$ 2,795,135</u> | <u>\$ -</u> | <u>\$ 4,033,912</u> |

The accompanying notes are an integral part of the financial statements.

ADAMS EAST METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total fund balance, governmental funds \$ 3,699,697

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

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

Note payable (2,584,703)

Accrued interest on note payable (28,174)

Total net position of governmental activities \$ 1,086,820

The accompanying notes are an integral part of the financial statements.

ADAMS EAST METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|--|---------------------|--------------------------|------------------------------|---------------------------------|
| <u>Revenues</u> | | | | |
| Taxes: | | | | |
| Property taxes | \$ 227,765 | \$ 88,576 | \$ - | \$ 316,341 |
| Specific ownership taxes | - | 23,084 | - | 23,084 |
| Sales taxes | - | 865,455 | - | 865,455 |
| Earnings on investments | 452 | 9,899 | 772 | 11,123 |
| Intergovernmental | - | - | 830,870 | 830,870 |
| Total revenues | <u>228,217</u> | <u>987,014</u> | <u>831,642</u> | <u>2,046,873</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Accounting and auditing | 83,785 | - | - | 83,785 |
| County treasury fees | 3,421 | 1,330 | - | 4,751 |
| Director's fees | 3,800 | - | - | 3,800 |
| District management and accounting | 1,222 | - | - | 1,222 |
| Dues and subscriptions | 865 | - | - | 865 |
| Insurance and bonds | 910 | - | - | 910 |
| Legal | 18,889 | - | - | 18,889 |
| Repairs and maintenance | 6,670 | - | - | 6,670 |
| Other expenditures | 844 | - | - | 844 |
| Debt service: | | | | |
| Principal | 36,400 | 541,881 | 49,086 | 627,367 |
| Interest and fiscal charges | 124,729 | 129,040 | - | 253,769 |
| Total expenditures | <u>281,535</u> | <u>672,251</u> | <u>49,086</u> | <u>1,002,872</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (53,318) | 314,763 | 782,556 | 1,044,001 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers in | 753,145 | 684,576 | - | 1,437,721 |
| Transfers out | - | (150,000) | (1,287,721) | (1,437,721) |
| Total other financing sources (uses) | <u>753,145</u> | <u>534,576</u> | <u>(1,287,721)</u> | <u>-</u> |
| Net change in fund balances | 699,827 | 849,339 | (505,165) | 1,044,001 |
| Fund balances - beginning | 292,706 | 1,857,825 | 505,165 | 2,655,696 |
| Fund balances - ending | <u>\$ 992,533</u> | <u>\$ 2,707,164</u> | <u>\$ -</u> | <u>\$ 3,699,697</u> |

The accompanying notes are an integral part of the financial statements.

ADAMS EAST METROPOLITAN DISTRICT
RECONCILIATION OF THE OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net change in fund balance - total governmental funds: \$ 1,044,001

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

The issuance of long-term debt provides current financial resources to fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental fund. Neither transaction, however, has any effect on net position.

| | |
|----------------------------|---------|
| Principal payments | 541,881 |
| Developer advance payments | 85,486 |

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

| | |
|--|---------|
| Change in accrued interest on notes | 5,906 |
| Change in accrued interest on developer advances | 121,974 |

| | |
|---|--------------|
| Change in net position of governmental activities | \$ 1,799,248 |
|---|--------------|

ADAMS EAST METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------------|-------------------|-------------------|------------------------------------|
| <u>Revenues</u> | | | | |
| Taxes: | | | | |
| Property taxes | \$ 230,842 | \$ 230,842 | \$ 227,765 | \$ (3,077) |
| Specific ownership taxes | 320 | 320 | - | (320) |
| Earnings on investments | 1,000 | 1,000 | 452 | (548) |
| Other revenue | 1,000 | 1,000 | - | (1,000) |
| Total revenues | <u>233,162</u> | <u>233,162</u> | <u>228,217</u> | <u>(4,945)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Accounting and auditing | 10,500 | 10,500 | 83,785 | (73,285) |
| County treasury fees | 3,463 | 3,463 | 3,421 | 42 |
| Director's fees | 4,000 | 4,000 | 3,800 | 200 |
| District management and accounting | 45,000 | 45,000 | 1,222 | 43,778 |
| Dues and subscriptions | 1,500 | 1,500 | 865 | 635 |
| Engineering and consulting | 10,000 | 10,000 | - | 10,000 |
| Insurance and bonds | 5,000 | 5,000 | 910 | 4,090 |
| Legal | 25,000 | 25,000 | 18,889 | 6,111 |
| Permits | 10,000 | 10,000 | - | 10,000 |
| Repairs and maintenance | 20,000 | 20,000 | 6,670 | 13,330 |
| Support services | 20,000 | 20,000 | - | 20,000 |
| Other expenditures | 5,000 | 5,000 | 844 | 4,156 |
| Contingency reserve | 7,200 | 140,537 | - | 140,537 |
| Debt service: | | | | |
| Principal | - | - | 36,400 | (36,400) |
| Interest | - | - | 124,729 | (124,729) |
| Total expenditures | <u>166,663</u> | <u>300,000</u> | <u>281,535</u> | <u>18,465</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 66,499 | (66,838) | (53,318) | 13,520 |
| <u>Other Financing Sources</u> | | | | |
| Transfers in | 5,000 | 5,000 | 753,145 | 748,145 |
| Total other financing sources | <u>5,000</u> | <u>5,000</u> | <u>753,145</u> | <u>748,145</u> |
| Net change in fund balances | 71,499 | (61,838) | 699,827 | 761,665 |
| Fund balances - beginning | 237,424 | 292,706 | 292,706 | - |
| Fund balances - ending | <u>\$ 308,923</u> | <u>\$ 230,868</u> | <u>\$ 992,533</u> | <u>\$ 761,665</u> |

The accompanying notes are an integral part of the financial statements.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – DEFINITION OF REPORTING ENTITY

Adams East Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on November 10, 2010 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located entirely in the City of Brighton and Adams County, Colorado.

The District was established principally to coordinate the construction, acquisition, financing, and maintenance of public improvements, including streets and safety control, landscaping, water, sewer, storm drainage, television relay and park and recreation improvements and facilities. Upon completion of construction and installation, it is the District's intent to dedicate all public improvements to the City or County or its designee for operation and maintenance. The District has the maintenance obligation, but not the ownership. Certain landscaping, park and recreation improvements and street lighting are maintained by the District or by an Owners' association.

The District has no employees, and all operations and administrative functions are contracted. 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 District organization, nor is the District a component unit of any other primary governmental entity.

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. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds, notes and developer advances are 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for all revenue streams other than sales tax. For sales tax related receipts, the District uses 90-day period of availability. The major sources of revenue susceptible to accrual are sales taxes, property taxes and specific ownership taxes. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation is due. All other revenue items are considered to be measurable and available only when cash is received by the District.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 other funds.

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

The *Capital Projects Fund* is used to account for the financial resources to be used for the acquisition and construction of infrastructure in conjunction with the bond financing terms.

Budgets

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

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Pooled Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments are reported at fair value.

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 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.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 30 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 inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenue in the year they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. The District has one item that qualifies for reporting in this category. Accordingly, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund Balances – Governmental Funds

The District’s governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact. At December 31, 2022, the General Fund had nonspendable fund balance of \$2,113.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances – Governmental Funds (continued)

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

The restricted fund balance in the amount of \$47,500 in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Colorado Constitution.

\$2,707,164 is restricted in the Debt Service Fund for the payment of the costs associated with the Series 2019, Revenue and Refunding Note (See Note 4).

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report up to three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Current Year GASB Pronouncement

For the year ended December 31, 2022, the District adopted the provisions of GASB Statement No. 87, *Leases*, which is effective for financial statement periods beginning after June 15, 2021. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are refinancings of the right to use an underlying asset. For the year ended December 31, 2022, the implementation of the new standard had no material impact on the District.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying statement of net position as follows:

| | |
|-------------------------------------|---------------------|
| Cash and investments - unrestricted | \$ 2,580,325 |
| Cash and investments - restricted | 927,317 |
| Total cash and investments | <u>\$ 3,507,642</u> |

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

| | |
|--------------------------------------|---------------------|
| Deposits with financial institutions | \$ 2,580,325 |
| Investments | 927,317 |
| Total cash and investments | <u>\$ 3,507,642</u> |

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Cash Deposits (continued)

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 equal to 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 \$2,580,325.

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 (*) above, 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 disclosure requirements or subject to investment custodial risk 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 and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- * Local government investment pools

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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

| <u>Investment</u> | <u>Maturity</u> | <u>Carrying Amount</u> |
|---|--------------------------------|------------------------|
| Colorado Local Government Liquid Asset Trust | Weighted average under 60 days | \$ 927,317 |

ColoTrust

For the year ended December 31, 2022, the District invested in Colorado Local Government Liquid Asset Trust (Colotrust), 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 Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust 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 repurchase agreements collateralized by certain obligations of U.S. government agencies.

A designated custodial bank serves as custodian for ColoTrust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

Investment Valuation

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

However, the District’s investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include 2a7-like external investment pools. The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investment Valuation (continued)

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios.

Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with GASB guidance.

It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share. 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:

| | Balances December 31, 2021 | Additions | Deletions | Balances December 31, 2022 | Due In One Year |
|--|----------------------------------|-----------------|-------------------|----------------------------------|--------------------|
| Revenue and refunding Note, Series 2019 | \$ 3,126,584 | \$ - | \$ 541,881 | \$ 2,584,703 | \$ 565,896 |
| Developer advances - Operations and Maintenance | 36,400 | - | 36,400 | - | - |
| Developer advances - Capital | 49,086 | - | 49,086 | - | - |
| Accrued interest on advances | 121,974 | 2,755 | 124,729 | - | - |
| Total | <u>\$ 3,334,044</u> | <u>\$ 2,755</u> | <u>\$ 752,096</u> | <u>\$ 2,584,703</u> | <u>\$ 565,896</u> |

The detail of the District’s long-term obligations is as follows:

Direct Borrowing

Refunding and Improvement Revenue Note Series 2019

On July 24, 2019, the District issued a \$4,275,000 Refunding and Improvement Revenue Note Series 2019 (Series 2019 Note). The Series 2019 Note matures on December 1, 2026. The interest rate on the Series 2019 Note is 4.36% per annum. Principal and interest payments on the Series 2019 Note are due quarterly on January 1, April 1, July 1, and October 1.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

Refunding and Improvement Revenue Note Series 2019 (continued)

The Series 2019 Note is secured by and payable from pledged revenues, which consist primarily of sales tax revenues, property taxes derived from the required mill levy, net of any costs of collection and specific ownership taxes remitted to the District from collections by the county primarily from motor vehicle licensing.

The Series 2019 Note was acquired for the purpose of providing funds to (i) refund the Series 2014 Note, (ii) finance improvements related to infrastructure and (ii) fund a debt service reserve for the Series 2019 Note. The Series 2019 Note may be prepaid at the option of the District, in whole or in part, upon payment of the sum of the principal amount plus accrued interest thereon to the date of prepayment, and a prepayment premium ranging from 0% to 2%. In accordance with the Series 2019 Note provisions, both a reserve fund and a projects fund were established. The reserve fund requirement is set at \$427,500 and, as of December 31, 2022, the reserve fund had a balance of \$427,500.

Significant events of default under the Series 2019 Note include (i) failure to impose required mill levy, (ii) failure to pay principal and interest when due, (iii) failure to meet financial or custodial agreement covenants, (iv) legal proceedings including bankruptcy, insolvency, reorganization, etc. as described in the Series 2019 Note agreement, (v) qualified audit opinion with respect to the District's status as an on-going concern and (vi) judgements against the District or proceedings to dissolve the District or consolidate the District where the District would cease to exist.

Immediately upon the occurrence of an event of default or the failure of the lender to receive any payment of principal or interest on the due date thereof, the Series 2019 Note balance shall bear interest at the default rate of the sum of the fixed rate plus 4.0%.

Additionally, all amounts constituting collateral will be applied to the unpaid principal of the Series 2019 Note and all interest accrued and unpaid thereon, and all other amounts owing or payable to the lender.

The following table sets forth the estimated debt service payments of principal and interest on the Series 2019 Note:

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

Refunding and Improvement Revenue Note Series 2019 (continued)

| Year ended December 31, | Principal | Interest | Total |
|----------------------------|---------------------|-------------------|---------------------|
| 2023 | 565,896 | 103,524 | 669,420 |
| 2024 | 590,975 | 78,445 | 669,420 |
| 2025 | 617,167 | 52,253 | 669,420 |
| 2026 | 810,665 | 26,112 | 836,777 |
| Total | <u>\$ 2,584,703</u> | <u>\$ 260,334</u> | <u>\$ 2,845,037</u> |

Direct Placement Debt

Advance and Reimbursement Agreements – Flywheel Holdings, LLC.

The District entered into an advance and reimbursement agreement with S3L Holdings, LLC on April 11, 2013. The agreement establishes the terms and conditions for reimbursing hard and soft construction costs pursuant to the district’s reimbursement policy resolution dated December 13, 2012 and specifies simple interest to accrue on amounts certified and accepted for reimbursement at an annual rate of 4.5%. The maximum reimbursable amount under this agreement is \$3,000,000. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District.

Effective August 31, 2019, the advances plus accrued interest were assigned to Flywheel Holdings, LLC. During the year ended December 31, 2022, the District paid Flywheel Holdings, LLC \$49,086 in principal and \$82,525 in interest. The amount owed as of December 31, 2022 is \$0.

The District entered into an advance and reimbursement agreement with S3L Holdings, LLC on February 28, 2017 as amended May 23, 2017. The agreement stipulates that the District shall reimburse S3L Holdings, LLC for any advances made to the District, including advances made in prior years, for operation and maintenance costs, together with interest at the rate of 7.00% per annum. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. Effective August 31, 2019, the advances plus accrued interest were assigned to Flywheel Holdings, LLC. During the year ended December 31, 2022, the District paid Flywheel Holdings, LLC \$36,400 in principal and \$42,204 in interest. The amount owed as of December 31, 2022 is \$0.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 2, 2010, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$100,300,000 at an interest rate not to exceed 18% per annum.

At December 31, 2022, the District had authorized but unissued indebtedness from this election in the following amounts allocated for the following purposes:

| | Total Authorized | Remaining at December 31, 2022 |
|--------------------------------|-----------------------------|---|
| Street improvements | \$ 32,000,000 | \$ 25,869,301 |
| Park and recreation facilities | 1,000,000 | 1,000,000 |
| Water supply improvements | 7,000,000 | 7,000,000 |
| Sanitary sewer system | 8,150,000 | 8,150,000 |
| Safety protection | 1,000,000 | 1,000,000 |
| Operations and maintenance | 1,000,000 | 1,000,000 |
| Debt refunding | 50,150,000 | 47,183,182 |
| Total | \$ 100,300,000 | \$ 91,202,483 |

Although the electors authorized \$100,300,000 of indebtedness, the District’s service plan limits indebtedness to \$39,600,000.

NOTE 5 – NET POSITION

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

The net investment in capital assets consists of capital assets that will be owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2022, the net investment in capital asset balance was \$0 as all assets were conveyed during prior years.

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District’s restricted net position at December 31, 2022, consists of \$47,500 for emergency reserves and \$2,678,990 for debt service.

As of December 31, 2022, the District had a deficit unrestricted balance of \$1,639,670.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 – RELATED PARTIES

The members of the Board of Directors of the District are employees of, owners of, or otherwise associated with S3L Holdings, LLC and Flywheel Holdings, LLC and may have conflicts of interest in dealing with the District. Specific details of transactions with S3L Holdings, LLC regarding organization and developer advances are described elsewhere in these footnotes.

NOTE 7 – INTERGOVERNMENTAL AGREEMENTS

Cost Sharing Intergovernmental Agreement

Effective January 1, 2019, the District and Bromley Park Metropolitan District No. 3 (BPMD3) entered into a Cost Sharing Intergovernmental Agreement (CSIA) to designate funds and allocate responsibilities for the financing and construction of public improvements for certain projects to provide efficiencies of scale and cost by collaborating and sharing costs for those certain projects which benefits both districts.

The CSIA terminates on December 31, 2022 but will automatically renew for an additional one-year term unless notice of intent to terminate the CSIA is provided by either district no later than October 1 of a succeeding year. Neither party provided a notice of intent to terminate during the 2022 calendar year, so the CSIA automatically renewed for one year beginning January 1, 2023.

NOTE 8 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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, property, public officials liability and workers compensation coverage.

In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

ADAMS EAST METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, except Enterprise.

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.

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.

On November 2, 2010, a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of \$1,000,000 annually for District operations and maintenance. The electors also authorized the District to collect, retain, and spend any revenue from sources other than ad valorem taxes annually without regard to any limitations imposed by TABOR.

SUPPLEMENTARY INFORMATION

ADAMS EAST METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|------------------------------|---------------------|------------------------------------|
| <u>Revenues</u> | | | |
| Taxes: | | | |
| Property taxes | \$ 87,706 | \$ 88,576 | \$ 870 |
| Specific ownership taxes | 6,074 | 23,084 | 17,010 |
| Sales taxes | 650,000 | 865,455 | 215,455 |
| Earnings on investments | 10,000 | 9,899 | (101) |
| Total revenues | <u>753,780</u> | <u>987,014</u> | <u>233,234</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| County treasurer fees | 1,519 | 1,330 | 189 |
| Debt service: | | | |
| Principal | 541,881 | 541,881 | - |
| Interest and fiscal charges | 130,039 | 129,040 | 999 |
| Total expenditures | <u>673,439</u> | <u>672,251</u> | <u>1,188</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 80,341 | 314,763 | 234,422 |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers in | - | 684,576 | 684,576 |
| Transfers out | (185,345) | (150,000) | 35,345 |
| Total other financing sources (uses) | <u>(185,345)</u> | <u>534,576</u> | <u>719,921</u> |
| Net change in fund balance | (105,004) | 849,339 | 954,343 |
| Fund balance - beginning | <u>1,857,825</u> | <u>1,857,825</u> | - |
| Fund balance - ending | <u>\$ 1,752,821</u> | <u>\$ 2,707,164</u> | <u>\$ 954,343</u> |

See accompanying Independent Auditors' Report.

ADAMS EAST METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|---------------------|--------------------|------------------------------------|
| <u>Revenues</u> | | | | |
| Earnings on investments | \$ 3,500 | \$ 3,500 | \$ 772 | \$ (2,728) |
| Intergovernmental | - | - | 830,870 | 830,870 |
| Total revenues | <u>3,500</u> | <u>3,500</u> | <u>831,642</u> | <u>828,142</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Capital outlay | 450,000 | 450,000 | - | 450,000 |
| Debt service: | | | | |
| Principal | - | - | 49,086 | (49,086) |
| Total expenditures | <u>450,000</u> | <u>450,000</u> | <u>49,086</u> | <u>400,914</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (446,500) | (446,500) | 782,556 | 1,229,056 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers in | 180,345 | 180,345 | - | (180,345) |
| Transfers out | - | (950,000) | (1,287,721) | (337,721) |
| Total other financing sources (uses) | <u>180,345</u> | <u>(769,655)</u> | <u>(1,287,721)</u> | <u>(518,066)</u> |
| Net change in fund balance | (266,155) | (1,216,155) | (505,165) | 710,990 |
| Fund balance - beginning | <u>266,155</u> | <u>505,165</u> | <u>505,165</u> | - |
| Fund balance - ending | <u>\$ -</u> | <u>\$ (710,990)</u> | <u>\$ -</u> | <u>\$ 710,990</u> |

See accompanying Independent Auditors' Report.

OTHER INFORMATION

ADAMS EAST METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022

\$4,275,000 Series 2019
Refunding and Improvement Revenue Note
Interest Rate of 4.36 Percent
Principal and Interest Due Quarterly on January 1, April 1, July 1 and
October 1

| Year ended December 31, | Principal | Interest | Total |
|----------------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 565,896 | \$ 103,524 | \$ 669,420 |
| 2024 | 590,975 | 78,445 | 669,420 |
| 2025 | 617,167 | 52,253 | 669,420 |
| 2026 | 810,665 | 26,112 | 836,777 |
| Total | <u>\$ 2,584,703</u> | <u>\$ 260,334</u> | <u>\$ 2,845,037</u> |

ADAMS EAST METROPOLITAN DISTRICT
SCHEDULE 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 | Mills Levied | Total Property Taxes | | Percentage Collected to Levied |
|---|--|--------------|----------------------|-----------|--------------------------------------|
| | | | Levied | Collected | |
| 2013 | \$ 115,490 | 25.000 | \$ 2,887 | \$ 2,887 | 100.00% |
| 2014 | 115,660 | 25.000 | 2,892 | 2,889 | 99.91% |
| 2015 | 2,602,720 | 25.000 | 65,068 | 65,068 | 100.00% |
| 2016 | 6,829,350 | 25.000 | 170,734 | 170,734 | 100.00% |
| 2017 | 7,452,510 | 25.000 | 186,313 | 185,561 | 99.60% |
| 2018 | 7,463,280 | 25.000 | 186,582 | 185,882 | 99.62% |
| 2019 | 8,573,570 | 25.000 | 214,339 | 215,796 | 100.68% |
| 2020 | 10,004,920 | 25.000 | 250,123 | 250,123 | 100.00% |
| 2021 | 11,373,580 | 25.000 | 284,340 | 278,436 | 97.92% |
| 2022 | 12,529,370 | 25.424 | 318,547 | 316,341 | 99.31% |
| Estimated for the year ending December 31, 2023 | \$ 12,567,290 | 25.000 | \$ 314,182 | | |

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.