

**Erie Highlands Metropolitan Districts
Nos. 1-5**

2023
Consolidated Annual Report

**Submitted to:
Town of Erie
July 31, 2023**

Also filed with:
Colorado Division of Local Government in the Department of Local Affairs,
Colorado State Auditor, & Weld County Clerk and Recorder

The Erie Highlands Metropolitan Districts Nos. 1-5 (collectively the “Districts”) hereby submit this annual report, as required pursuant to Section VII of the Service Plan of the Districts dated August 30, 2013 and approved by the Town of Erie (the “Town”) on September 24, 2013 (the “Service Plan”). In addition, pursuant to Section 32-1-207(3)(c), C.R.S., the Districts are required to submit an annual report for the preceding calendar year commencing in 2023 for the 2022 calendar year to the Town, the Division of Local Government, the state auditor, and the Weld County Clerk and Recorder. The District hereby submit this annual report to satisfy the reporting requirement for the year 2022:

I. SERVICE PLAN – ANNUAL REPORT REQUIREMENTS.

1. A narrative summary of the progress of the Districts in implementing the Service Plan.

The Districts were formed by Order of the Weld County District Court dated November 29, 2013. To date, the Districts have completed certain public improvements for Filings 1 through 16.

2. Except when an exemption from audit has been granted for the fiscal year under the Local Government Audit Law, the audited financial statements of the Districts for the fiscal year including a statement of financial condition (i.e. balance sheet) as of December 31 of the fiscal year and the statement of operations (i.e. revenues and expenditures) for the fiscal year.

An application for exemption from audit was filed on behalf of District Nos. 3 and 5 for the fiscal year ending December 31, 2022. Copies of such applications for exemption from audit are attached hereto as **Exhibit A**.

The audited financial statements for District Nos. 1, 2, and 4 for the fiscal year ending December 31, 2022 are also enclosed herewith as **Exhibit A**.

3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of public facilities in the fiscal year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the fiscal year.

District Nos. 1, 2, 3, 4, and 5 have not budgeted any capital expenditures in development of public facilities in 2023 as evidenced in their respective 2023 budgets enclosed herewith. The Districts and/or the Developer propose to undertake the following capital improvements or projects in Planning Area 10 in the five years following fiscal year 2023:

- Sanitary Sewer
- Water
- Storm/Drainage
- Curb/Gutter/Sidewalks

- Streets
- Gas
- Electric
- Landscaping/Irrigation

4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the fiscal year, including the amount of outstanding indebtedness, the amount and terms of any new Districts indebtedness or long-term obligations issued in the fiscal year, the amount of payment or retirement of existing indebtedness of the Districts in the fiscal year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the fiscal year, and the current mill levy of the Districts pledged to debt retirement in the fiscal year.

District No. 1

A summary of the financial obligations of District No. 1 as of December 31, 2022, including the requested information, is contained in the audited financial statements of District No. 1 for the year ending December 31, 2022, provided in response to Section I.2.

The assessed valuation of District No. 1 for the year ending December 31, 2023, is \$14,509,480.

A mill levy of 22.827 mills for general operating expenses and 30.000 mills for general obligation bonds and interest was levied for 2023.

District No. 2

A summary of the financial obligations of District No. 2 as of December 31, 2022, including the requested information, is contained in the audited financial statements of District No. 2 for the year ending December 31, 2022, provided in response to Section I.2.

The assessed valuation of District No. 2 for the year ending December 31, 2023, is \$8,564,600.

A mill levy of 22.379 mills for general operating expenses and 55.949 mills for general obligation bonds and interest was levied for 2023.

District No. 3

The assessed valuation of District No. 3 for the year ending December 31, 2023, is \$1,319,540.

A mill levy of 20.000 mills for general operating expenses was levied for 2023.

District No. 4

A summary of the financial obligations of District No. 4 as of December 31, 2022, including the requested information, is contained in the audited financial statements of District No. 4 for the year ending December 31, 2022, provided in response to Section I.2.

The assessed valuation of District No. 4 for the year ending December 31, 2023, is \$317,730.

A mill levy of 20.000 mills for general operating expenses and 50.000 mills for contractual obligations was levied for 2023.

District No. 5

The assessed valuation of District No. 5 for the year ending December 31, 2023, is \$317,730.

A mill levy of 20.000 mills for general operating expenses was levied for 2023.

5. The Districts' budget for the calendar year in which the annual report is submitted.

Copies of the 2023 budgets for the Districts are attached hereto as **Exhibit B**.

6. A summary of residential and commercial development which has occurred within the Districts for the fiscal year.

During 2022, approximately eighty-five (85) new homes were completed and closed within the Districts. Land development activities were either completed or commenced in Filings 14 through 16. Homebuilding activities continue in Filings 14 through 16.

7. A summary of all taxes, fees, charges and assessments imposed by the Districts as of January 1 of the fiscal year.

District No. 1

A mill levy of 22.827 mills for general operating expenses and 30.000 mills for general obligation bonds and interest was levied for 2023.

On October 30, 2015, District No. 1 adopted a Resolution of the Board of Directors of Erie Highlands Metropolitan District No. 1 Imposing a Facilities Fee to defray the cost of public improvements and to fund the acquisition of public improvements by the District for the benefit of its residents and taxpayers. District No. 1 adopted an Amended and Restated Resolution of the Board of Directors of Erie Highlands Metropolitan District No. 1 Imposing a Facilities Fee on December 2, 2015 imposing the facilities fee as of July 10, 2015.

District No. 2

A mill levy of 22.379 mills for general operating expenses and 55.949 mills for general obligation bonds and interest was levied for 2023.

On June 3, 2022, District Nos. 2 and 4 adopted a Joint Resolution Imposing a Monthly Operations and Maintenance Fee for Erie Highlands Carriage Houses to defray the cost of providing additional operations and maintenance services the Erie Highlands Carriage Houses (Filing No. 16).

On August 9, 2018, District No. 2 adopted a Resolution of the Board of Directors of Erie Highlands Metropolitan District No. 2 Imposing a Facilities Fee to defray the cost of public improvements and fund the acquisition of public improvements by the District for the benefit of its residents and taxpayers.

District No. 3

A mill levy of 20.000 mills for general operating expenses was levied for 2023.

District No. 4

A mill levy of 20.000 mills for general operating expenses and 50.000 mills for contractual obligations and interest was levied for 2023.

On June 3, 2022, District Nos. 2 and 4 adopted a Joint Resolution Imposing a Monthly Operations and Maintenance Fee for Erie Highlands Carriage Houses to defray the cost of providing additional operations and maintenance services to the Erie Highlands Carriage Houses (Filing No. 16)

District No. 5

A mill levy of 20.000 mills for general operating expenses was levied for 2023.

8. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Board.

Board Members

Kristine Fillius
District No. 1
552 Indian Peaks Dr.
Erie, CO 80516
(858) 663-8231

Joshua Kiel Malm
District No. 1
140 Pebble Brook Ct.
Erie, CO 80516

(303) 875-7548

Sam Mayer
District No. 1
121 Pebble Brook Court
Erie, CO 80516
(203) 731-1112

Jason Edward Manley
District No. 1
216 Highlands Circle
Erie, CO 80516
(434) 258-3314

Brandon Wyszynski
District Nos. 2, 3, 4, and 5
Oakwood Homes LLC
4908 Tower Road
Denver, CO 80249
(303) 486-8500

Keith Kauffman
District No. 2
474 Highlands Circle
Erie, CO 80516
(303) 292-9100

Andrew J. Matyus
District No. 2
1093 Acadia Circle
Erie, Colorado 80516
(248) 872-8614

Mitchell Gonzales
District No. 2
1164 Acadia Circle
Erie, Colorado 80516
(303) 210-2982

Chris Carlton
District Nos. 3, 4, and 5
Oakwood Homes LLC
4908 Tower Road
Denver, CO 80249
(303) 486-8500

Randy J. Bauer
District Nos. 3, 4, and 5
Oakwood Homes
4908 Tower Road
Denver, CO 80249
(303) 486-8500

Greg Saia
District Nos. 3, 4, and 5
Oakwood Homes
4908 Tower Road
Denver, CO 80249
(303) 486-8500

Todd L. Bloom
District Nos. 3 and 5
Oakwood Homes
4908 Tower Road
Denver, CO 80249
(303) 486-8500

District Manager

Jerry A. Jacobs
Timberline District Consulting, LLC
25633 Roxana Point Dr
Evergreen, CO 80439
(303) 359-9330

General Legal Counsel

Jennifer L. Ivey
Icenogle Seaver Pogue, P.C.
4725 S. Monaco Street, Suite 360
Denver, Colorado 80237
(303) 292-9100

Regular Board Meetings

November 1, 2023 at 3:00 P.M., at the Erie Highlands Clubhouse, 185 Highlands Circle,
Erie, Colorado 80516.

II. SPECIAL DISTRICT ACT (SECTION 32-1-207(3)(c), C.R.S.) ANNUAL REPORT REQUIREMENTS:

For the year ending December 31, 2022, the Districts make the following report pursuant to Section 32-1-207(3)(c), C.R.S.:

1. Boundary changes made.

District Nos. 1 and 2 had no boundary changes in 2022.

On April 6, 2022, Clayton Properties Group II, Inc., petitioned District No. 3 to exclude real property (the “Filing No. 16 Property”) from the boundaries of District No. 3. On June 3, 2022, the Board of Directors of District No. 3 approved a resolution ordering the exclusion of the Filing No. 16 from the boundaries of District No. 3. On June 14, 2023, the Weld County District Court granted an order for the exclusion of the Filing No. 16 Property from the boundaries of District No. 3, and that order was recorded in the office of the Weld County Clerk and Recorder on June 17, 2022 at Reception No. 4836080.

On April 6, 2022, Clayton Properties Group II, Inc., petitioned District No. 4 to exclude real property (the “D4 Oil, Gas, & Commercial Property”) from the boundaries of District No. 4. On June 3, 2022, the Board of Directors of District No. 4 approved a resolution ordering the exclusion of the D4 Oil, Gas, & Commercial Property from the boundaries of District No. 4. On June 14, 2023, the Weld County District Court granted an order for the exclusion of the D4 Oil, Gas, & Commercial Property from the boundaries of District No. 4, and that order was recorded in the office of the Weld County Clerk and Recorder on June 17, 2022 at Reception No. 4836081.

On April 6, 2022, Clayton Properties Group II, Inc., petitioned District No. 5 to exclude real property (the “D5 Oil, Gas, & Commercial Property”) from the boundaries of District No. 5. On June 3, 2022, the Board of Directors of District No. 5 approved a resolution ordering the exclusion of the D5 Oil, Gas, & Commercial Property from the boundaries of District No. 5. On June 14, 2023, the Weld County District Court granted an order for the exclusion of the D5 Oil, Gas, & Commercial Property from the boundaries of District No. 5, and that order was recorded in the office of the Weld County Clerk and Recorder on June 17, 2022 at Reception No. 4836082.

2. Intergovernmental agreements entered into or terminated with other governmental entities.

The Districts did not enter into or terminate any intergovernmental agreements with other governmental entities in 2022.

3. Access information to obtain a copy of rules and regulations adopted by the board.

For information concerning rules and regulations adopted by the District please contact the District’s Manager:

Jerry A. Jacobs
Timberline District Consulting, LLC
25633 Roxana Point Dr.
Evergreen, CO 80439
Phone: (303) 359-9330

Email: jacobs@timerlinedc.com

4. A summary of litigation involving public improvements owned by the special district.

In 2022, the Districts were not involved in any litigation involving public improvements owned by the Districts.

5. The status of the construction of public improvements by the special district.

See Section I.1. above.

6. A list of facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality.

Filings 11, 12 and 13 constructed by the Districts received final acceptance by the Town in 2022.

7. The final assessed valuation of the special district as of December 31 of the reporting year.

See Section I.4. above.

8. A copy of the current year's budget.

See Section I.5. above.

9. 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 from audit, as applicable.

See Section I.2. above.

10. Notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district.

As of December 31, 2022, the Districts did not receive any notices of uncured defaults existing for more than ninety (90) days under any debt instrument.

11. Any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period.

As of December 31, 2022, the Districts did not have any inability to pay their obligations as they come due under any obligation which continued beyond a ninety (90) day period.

EXHIBIT A
2023 Audits and Applications for Exemption from Audit

**ERIE HIGHLANDS METROPOLITAN
DISTRICT NO. 1
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITOR’S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	23
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	25
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	26
ANNUAL DISCLOSURE	
ANNUAL DISCLOSURE	28



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Erie Highlands Metropolitan District No. 1
Weld County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Erie Highlands Metropolitan District No. 1, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112
303-905-0809 • info@dazziocpa.com

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Debt Service Requirements to Maturity, the Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected and the Annual Disclosure Information, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Duggio & Associates, P.C.

April 20, 2023

BASIC FINANCIAL STATEMENTS

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 2,045
Cash and Investments - Restricted	371,717
Receivable from County Treasurer	6,966
Property Taxes Receivable	766,492
Prepaid Bond Insurance	142,867
Capital Assets Not Being Depreciated	183,458
Capital Assets, Net	<u>138,824</u>
Total Assets	1,612,369
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding	<u>254,188</u>
Total Deferred Outflows of Resources	254,188
LIABILITIES	
Accounts Payable	4,000
Due to Other Districts	4,810
Accrued Interest Payable	18,067
Noncurrent Liabilities:	
Due Within One Year	230,000
Due in More Than One Year	<u>8,452,571</u>
Total Liabilities	8,709,448
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	<u>766,492</u>
Total Deferred Inflows of Resources	<u>766,492</u>
NET POSITION	
Net Investment in Capital Assets	(59,409)
Restricted for:	
Debt Service	75,751
Unrestricted	<u>(7,625,725)</u>
Total Net Position	<u><u>\$ (7,609,383)</u></u>

See accompanying Notes to Basic Financial Statements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 362,827	\$ -	\$ -	\$ -	\$ (362,827)
Interest and Related Costs on Long-Term Debt	<u>250,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,776)</u>
	<u>\$ 613,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(613,603)</u>
GENERAL REVENUES					
Property Taxes					824,955
Specific Ownership Taxes					48,863
Net Investment Income					10,564
Total General Revenues					<u>884,382</u>
CHANGE IN NET POSITION					270,779
Net Position - Beginning of Year					<u>(7,880,162)</u>
NET POSITION - END OF YEAR					<u>\$ (7,609,383)</u>

See accompanying Notes to Basic Financial Statements.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 2,045	\$ -	\$ 2,045
Cash and Investments - Restricted	-	371,717	371,717
Receivable from County Treasurer	2,765	4,201	6,966
Property Taxes Receivable	331,208	435,284	766,492
Total Assets	<u>\$ 336,018</u>	<u>\$ 811,202</u>	<u>\$ 1,147,220</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 4,000	\$ 4,000
Due to District No. 4	4,810	-	4,810
Total Liabilities	4,810	4,000	8,810
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	331,208	435,284	766,492
Total Deferred Inflows of Resources	331,208	435,284	766,492
FUND BALANCES			
Restricted for:			
Debt Service	-	371,918	371,918
Total Fund Balances	-	371,918	371,918
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 336,018</u>	<u>\$ 811,202</u>	

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

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

Capital Assets, Net	322,282
---------------------	---------

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

Bonds Payable	(8,505,000)
Bond Premium	(177,571)
Bond Interest Payable	(18,067)
Cost of Refunding	254,188
Prepaid Bond Insurance	142,867

Net Position of Governmental Activities	<u>\$ (7,609,383)</u>
---	-----------------------

See accompanying Notes to Basic Financial Statements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 327,426	\$ 497,529	\$ 824,955
Specific Ownership Taxes	19,393	29,470	48,863
Net Investment Income	314	10,250	10,564
Total Revenues	<u>347,133</u>	<u>537,249</u>	<u>884,382</u>
EXPENDITURES			
Current:			
County Treasurer's Fees	4,934	7,498	12,432
Transfer to District No. 4	342,199	-	342,199
Paying Agent Fees	-	4,000	4,000
Bond Interest	-	223,550	223,550
Bond Principal	-	225,000	225,000
Total Expenditures	<u>347,133</u>	<u>460,048</u>	<u>807,181</u>
NET CHANGE IN FUND BALANCES	-	77,201	77,201
Fund Balances - Beginning of Year	<u>-</u>	<u>294,717</u>	<u>294,717</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 371,918</u></u>	<u><u>\$ 371,918</u></u>

See accompanying Notes to Basic Financial Statements.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ 77,201

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

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

Depreciation (15,694)

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

Bond Principal Payment 225,000

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

Accrued Interest on Bonds - Change in Liability	562
Bond Premium Amortization	13,180
Cost of Refunding Amortization	(18,866)
Bond Insurance Amortization	(10,604)
	(16,730)

Change in Net Position of Governmental Activities \$ 270,779

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 327,680	\$ 327,680	\$ 327,426	\$ (254)
Specific Ownership Taxes	16,383	18,585	19,393	808
Net Investment Income	100	150	314	164
Other Revenue	-	1,585	-	(1,585)
Total Revenues	<u>344,163</u>	<u>348,000</u>	<u>347,133</u>	<u>(867)</u>
EXPENDITURES				
Current:				
County Treasurer's Fees	4,915	4,915	4,934	(19)
Transfer to District No. 4	339,248	341,500	342,199	(699)
Contingency	-	1,585	-	1,585
Total Expenditures	<u>344,163</u>	<u>348,000</u>	<u>347,133</u>	<u>867</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Erie Highlands Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by court order and decree and recorded with the Weld County Clerk and Recorder on December 2, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the Town of Erie (the Town), in Weld County (the County), Colorado. The District was established to provide for the planning, design, acquisition, construction, installation, relocation, and/or redevelopment and financing of water, sanitation, solid waste disposal, streets, safety, parks and recreation, transportation, fire protection, mosquito control, television relay and translation, and services within and without its boundaries.

The District was organized in conjunction with Erie Highlands Metropolitan District Nos. 2, 3, 4, and 5 (together with the District, and District Nos. 2, 3, 4, and 5, the Districts) and operates under a Consolidated Service Plan approved by the Town on September 24, 2013. The Districts entered into an Intergovernmental Agreement Concerning District Operations (the District IGA) on September 10, 2018, which set forth the respective roles, responsibilities and obligations of each district with respect to the provision of administrative services, ownership, operation, and maintenance of public improvements serving the property within the Districts. The District IGA acknowledges that the District previously funded certain improvements with bonds issued in 2015. It additionally acknowledges that District No. 2 funded certain public improvements with bonds issued in 2018. The Districts further agree to assist each other with offsetting the costs of public improvements serving the Districts pursuant to the Consolidated Service Plan.

The District IGA provides that the District will own and operate any public improvements not dedicated to the Town or another governmental entity that were financed with its previous bond issue, and that District No. 4 will own and operate the remaining such improvements. The Districts engaged District No. 4 as the operator of the District-owned improvements and the District No. 4-owned improvements. The Districts not owning and operating any public improvements agree to provide funds for the operation of such improvements. District No. 4 agrees to act as the district responsible for overall administrative services, and the remaining districts agree to compensate District No. 4 for those services.

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.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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

The District has no employees, and contracts for all of its management and professional services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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.

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.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and facility fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

Budgets

In accordance with the State Budget Law, 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.

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

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 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.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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

Capital Assets

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of 10 to 20 years.

Facility Fees

Facility fees consist of the fees imposed by the District pursuant to an amended and restated resolution adopted by the District, on December 2, 2015, in an amount equal to \$1,500 per residential unit and \$1.00 per square foot of any commercial property within the District. The facility fees are payable on the date of issuance of a building permit of the related residential unit.

Amortization

Original Issue Premium

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization (Continued)

Cost of Bond Refunding

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

Deferred Outflows and Inflows of Resources

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

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

Fund Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

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

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Fund Balance (Continued)

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 2,045
Cash and Investments - Restricted	371,717
Total Cash and Investments	\$ 373,762

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

Investments	\$ 373,762
Total Cash and Investments	\$ 373,762

Deposits with Financial Institutions

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

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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 had no cash deposits.

Investments

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

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

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

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 373,762</u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

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

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, and any security allowed under CRS 24-75-601.

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

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022, follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Not Being Depreciated:				
Landscape Improvements	\$ 183,458	\$ -	\$ -	\$ 183,458
Total Capital Assets, Not Being Depreciated	183,458	-	-	183,458
Capital Assets, Being Depreciated:				
Entryways	11,608	-	-	11,608
Parks and Recreation	237,072	-	-	237,072
Total Capital Assets, Being Depreciated	248,680	-	-	248,680
Less Accumulated Depreciation For:				
Entryways	3,484	581	-	4,065
Parks and Recreation	90,678	15,113	-	105,791
Total Accumulated Depreciation	94,162	15,694	-	109,856
Total Capital Assets, Being Depreciated, Net	154,518	(15,694)	-	138,824
Capital Assets, Net	\$ 337,976	\$ (15,694)	\$ -	\$ 322,282

During 2018, a significant portion of the capital assets constructed by the District were conveyed to District No. 4. The costs of all capital assets transferred to District No. 4 were removed from the District's financial records. Such capital assets were funded with a portion of the proceeds of the District No. 2 bonds and constitute District No. 4-owned improvements, as permitted by the District IGA described in Note 1.

Depreciation expense was charged to the general government function of the District in the amount of \$15,694 for the year ended December 31, 2022.

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Due Within One Year
General Obligation Limited Tax Refunding Bonds - Series 2020	\$ 8,730,000	\$ -	\$ 225,000	\$ 8,505,000	\$ 230,000
Bond Premium	190,751	-	13,180	177,571	-
Total	\$ 8,920,751	\$ -	\$ 238,180	\$ 8,682,571	\$ 230,000

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

General Obligation Bonds

\$8,930,000 General Obligation Limited Tax Refunding Bonds, Series 2020, dated November 17, 2020 (the Bonds)

Use of Proceeds

Proceeds from the sale of the Bonds were used to:

- (a) refund the outstanding Series 2015 Bonds,
- (b) purchase a municipal bond insurance policy for the Bonds,
- (c) purchase a Reserve Policy to be issued by the Bond Insurer in the amount of 50% of the Required Reserve and fund the remaining 50% of the Reserve Fund, and
- (d) pay the costs of issuing the Bonds and refunding the Series 2015 Bonds.

Bond Details

The Bonds bear interest at rates ranging from 2.0% to 3.0%, payable semi-annually to the extent of Pledged Revenue available on June 1 and December 1, beginning on June 1, 2021. The Bonds consist of serial bonds in the original amount of \$2,590,000 due annually in varying amounts through beginning on December 1, 2021, through December 1, 2030, term bonds in the original amount of \$1,760,000 due on December 1, 2035, term bonds in the original amount of \$2,080,000 due on December 1, 2040, and term bonds in the original amount of \$2,500,000 due on December 1, 2045. The term bonds maturing on December 1, 2035, are subject to mandatory sinking fund redemption commencing on December 1, 2031. The term bonds maturing on December 1, 2040, are subject to mandatory sinking fund redemption commencing on December 1, 2036. The term bonds maturing on December 1, 2045, are subject to mandatory sinking fund redemption commencing on December 1, 2041.

Repayment of both principal and interest on the bonds are insured by Build America Mutual Assurance Company. The bonds are assigned an insured rating of "AA" by Standard and Poor's. All of the Bonds and interest thereon will be deemed to be paid, satisfied, and discharged on December 2, 2055 (the Termination Date), regardless of the amount of principal and interest paid on the Bonds prior to the Termination Date.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2030, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, generally consisting of:

- (a) the Required Mill Levy;
- (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and
- (c) any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal and interest on the Bonds as they become due and, if necessary, to replenish the Reserve Fund to the amount of the Required Reserve, but not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation on or after January 1, 2014). The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. The current maximum mill levy, as adjusted, is 57.069.

Reserve Fund

The Bonds are further secured by the Reserve Fund in the Required Reserve Amount of \$556,200, which is funded through the issuance of the Reserve Policy and a portion of the Bonds' proceeds of \$278,100. The Reserve Policy and proceeds of the Bonds are each in the amount of 50% of the Required Reserve. The Reserve Fund is to be maintained in the amount of the Required Reserve for so long as the Bonds are outstanding.

The District's long-term obligations on the Senior Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 230,000	\$ 216,800	\$ 446,800
2024	245,000	209,900	454,900
2025	250,000	202,550	452,550
2026	265,000	197,550	462,550
2027	275,000	192,250	467,250
2028-2032	1,570,000	833,550	2,403,550
2033-2037	1,880,000	644,425	2,524,425
2038-2042	2,230,000	420,076	2,650,076
2043-2045	1,560,000	94,800	1,654,800
Total	<u>\$ 8,505,000</u>	<u>\$ 3,011,901</u>	<u>\$ 11,516,901</u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 5, 2013, District voters approved debt authorization in the amount of \$540,000,000 for the construction of capital improvements. The voters also authorized debt of \$60,000,000 for the cost of operating and maintaining the District's systems, \$60,000,000 for management agreements, and \$60,000,000 for mortgages.

The District had authorized but unissued debt at December 31, 2022, for the following detailed purposes:

	Authorized November 5, 2013 Election	Series 2015A Authorization Used	Series 2015B Authorization Used	Remaining at December 31, 2022
Streets	\$ 60,000,000	\$ 3,640,658	\$ 666,043	\$ 55,693,299
Water	60,000,000	881,138	161,200	58,957,662
Sanitary Sewer and Storm Sewer	60,000,000	1,599,157	292,559	58,108,284
Parks and Recreation	60,000,000	1,619,047	296,198	58,084,755
Traffic and Safety	60,000,000	-	-	60,000,000
Mosquito Control	60,000,000	-	-	60,000,000
Public Transportation	60,000,000	-	-	60,000,000
Television Relay and Translation	60,000,000	-	-	60,000,000
Operations and Maintenance	60,000,000	-	-	60,000,000
Debt Refunding	60,000,000	-	-	60,000,000
Mortgages	60,000,000	-	-	60,000,000
Management Services Related to District Facilities	60,000,000	-	-	60,000,000
Total	<u>\$ 720,000,000</u>	<u>\$ 7,740,000</u>	<u>\$ 1,416,000</u>	<u>\$ 710,844,000</u>

Because the Bonds were issued for the purpose of refinancing the Series 2015 Bonds at a lower interest rate, in accordance with the Article X, Section 20 of the Colorado Constitution, no portion of the District's electoral authorization is required to be allocated to the portion of the Bonds that does not exceed the outstanding principal amount of the Series 2015 Bonds (\$9,156,000). Because the par amount of the Bonds (\$8,930,000) does not exceed the outstanding principal amount of the Series 2015 Bonds, the District is not required to allocate any of its electoral authorization for debt refunding to the Bonds.

Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy.

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 322,282
Noncurrent Portion of Long-Term Obligations	(381,691)
Net Investment in Capital Assets	<u>\$ (59,409)</u>

As of December 31, 2022, the District had restricted net position as follows:

Restricted Net Position:	
Debt Service	\$ 75,751
Total Restricted Net Position	<u>\$ 75,751</u>

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

NOTE 7 DISTRICT AGREEMENTS

Advance and Reimbursement Agreement

The District entered into an Advance and Reimbursement Agreement (the Agreement) with Oakwood Homes LLC (the Developer) on December 2, 2015. The Agreement was assigned to Clayton Properties Group, LLC (Clayton) pursuant to a Bill of Sale and Assignment and Assumption Agreement between inter alia Oakwood Homes and Clayton dated July 3, 2017. Pursuant to the Agreement, the Developer will provide advances to the District for operations and maintenance.

The District will reimburse the Developer for the advances, together with interest at the rate of 8% per annum. The District will 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. Payments by the District are applied first to interest on, then to principal of the advances.

This agreement shall be in effect until the end of the next fiscal year after the date of execution and shall automatically renew, each fiscal year until terminated. As of December 31, 2022, there were no amounts owed to the Developer by the District for operations and maintenance.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 DISTRICT AGREEMENTS (CONTINUED)

Advance and Reimbursement and Facilities Acquisition Agreement

The District and the Developer entered into an Advance and Reimbursement and Facilities Acquisition Agreement dated as of October 30, 2015 (the AR Agreement). The AR Agreement was assigned to Clayton Properties Group, LLC (Clayton) pursuant to a Bill of Sale and Assignment and Assumption Agreement between inter alia Oakwood Homes and Clayton dated July 3, 2017. The District and Clayton entered into a First Amendment to the AR Agreement on November 14, 2017, and a Second Amendment on September 10, 2018, both concerning and recognizing the advances made by Clayton, or its predecessors, the reimbursement of the advances by the District, and providing for a current accounting of the amounts owed at the time.

Pursuant to the AR Agreement, the Developer agreed to advance funds to the District to be used for capital construction of certain Public Improvements (the Advances). In return, the District agreed to reimburse the Developer for the Advances, together with an interest rate of 3% per annum accruing from the date that the Advances were made, subject to annual appropriation and available funds of the District, and acquire any Public Improvements constructed by the Developer.

As of December 31, 2022, there were no outstanding amounts owed to the Developer by the District for Public Improvements.

NOTE 8 RISK MANAGEMENT

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

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

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 TAX SPENDING, AND DET LIMITATIONS (CONTINUED)

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 5, 2013, the District voters passed an election question to increase property taxes \$2,000,000 annually, with a maximum mill levy of 20 mills (subject to adjustment for changes occurring in the method of calculating assessed valuation), to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain, and spend all revenue annually, other than ad valorem taxes, without regard to limitations under TABOR.

SUPPLEMENTARY INFORMATION

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 497,914	\$ 497,529	\$ (385)
Specific Ownership Taxes	24,896	29,470	4,574
Net Investment Income	300	10,250	9,950
Total Revenues	<u>523,110</u>	<u>537,249</u>	<u>14,139</u>
EXPENDITURES			
County Treasurer's Fees	7,469	7,498	(29)
Bond Interest	223,550	223,550	-
Bond Principal	225,000	225,000	-
Contingency	8,981	-	8,981
Paying Agent Fees	3,000	4,000	(1,000)
Total Expenditures	<u>468,000</u>	<u>460,048</u>	<u>7,952</u>
NET CHANGE IN FUND BALANCE	55,110	77,201	22,091
Fund Balance - Beginning of Year	<u>296,836</u>	<u>294,717</u>	<u>(2,119)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 351,946</u></u>	<u><u>\$ 371,918</u></u>	<u><u>\$ 19,972</u></u>

OTHER INFORMATION

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

<u>Bonds and Interest Maturing in the Year Ending December 31,</u>	\$8,930,000 General Obligation Limited Tax Bonds Dated November 17, 2020 Series 2020 Interest Rate of 2.00-3.00% Payable June 1 and December 1 Principal Due December 1		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 230,000	\$ 216,800	\$ 446,800
2024	245,000	209,900	454,900
2025	250,000	202,550	452,550
2026	265,000	197,550	462,550
2027	275,000	192,250	467,250
2028	285,000	184,000	469,000
2029	295,000	175,450	470,450
2030	320,000	166,600	486,600
2031	325,000	157,000	482,000
2032	345,000	150,500	495,500
2033	345,000	143,600	488,600
2034	370,000	136,700	506,700
2035	375,000	129,300	504,300
2036	390,000	121,800	511,800
2037	400,000	113,025	513,025
2038	415,000	104,025	519,025
2039	430,000	94,688	524,688
2040	445,000	85,013	530,013
2041	455,000	75,000	530,000
2042	485,000	61,350	546,350
2043	500,000	46,800	546,800
2044	520,000	31,800	551,800
2045	540,000	16,200	556,200
Total	\$ 8,505,000	\$ 3,011,901	\$ 11,516,901

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
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	Percent Change	Mills Levied		Total Property Taxes		Percentage Collected to Levied
			General	Debt Service	Levied	Collected	
2018	\$ 6,469,170	0.00 %	22.111	55.277	\$ 500,636	\$ 500,295	99.93 %
2019	9,410,490	45.47	22.111	55.277	728,259	724,871	99.53
2020	11,964,470	27.14	22.111	55.663	932,367	932,333	100.00
2021	12,483,300	4.34	22.265	33.832	700,276	697,784	99.64
2022	14,717,260	17.90	22.265	33.832	825,594	824,955	99.92
Estimated for the Year Ending December 31, 2023	\$ 14,509,480	(1.41)%	22.827	30.000	\$ 766,492		

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.

ANNUAL DISCLOSURE

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
DECEMBER 31, 2022**

Class	Assessed Valuation	Percent of Assessed Valuation	Actual Valuation	Percent of Actual Valuation
Vacant Land	\$ 1,330	0.01 %	\$ 4,585	0.00 %
Residential	14,446,680	98.16	202,040,145	99.54
Commercial	7,920	0.05	27,339	0.01
Oil and Gas	18,950	0.13	58,290	0.03
State Assessed	242,380	1.65	835,791	0.41
	<u>\$ 14,717,260</u>	100.00	<u>\$ 202,966,150</u>	100.00

NOTE: Totals do not include exempt classes of property.

**ERIE HIGHLANDS METROPOLITAN
DISTRICT NO. 2
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITOR’S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	24
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	26
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	27



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Erie Highlands Metropolitan District No. 2
Weld County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Erie Highlands Metropolitan District No. 2, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Daggio & Associates, P.C.

April 20, 2023

BASIC FINANCIAL STATEMENTS

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 1,186,156
Receivable from County Treasurer	2,220
Property Taxes Receivable	670,848
Total Assets	1,859,224
LIABILITIES	
Accounts Payable	8,000
Due to District No.4	634
Accrued Interest Payable	51,297
Noncurrent Liabilities:	
Due Within One Year	25,000
Due in More Than One Year	19,187,892
Total Liabilities	19,272,823
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	670,848
Total Deferred Inflows of Resources	670,848
NET POSITION	
Restricted for:	
Debt Service	180,207
Unrestricted	(18,264,654)
Total Net Position	\$ (18,084,447)

See accompanying Notes to Basic Financial Statements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

		Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
Expenses	\$	-	\$	-	Governmental Activities
	\$ 159,605	-	\$ -	-	\$ (159,605)
	1,175,636	-	-	145,500	(1,030,136)
\$ 1,335,241	\$	-	\$	\$ 145,500	(1,189,741)
GENERAL REVENUES					
Property Taxes					527,278
Specific Ownership Taxes					31,206
Net Investment Income					22,681
Total General Revenues					<u>581,165</u>
CHANGE IN NET POSITION					
Net Position - Beginning of Year					(608,576)
					<u>(17,475,871)</u>
NET POSITION - END OF YEAR					
					<u>\$ (18,084,447)</u>

FUNCTIONS/PROGRAMS

Primary Government:
 Governmental Activities:
 General Government
 Interest and Related Costs
 on Long-Term Debt

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments - Restricted	\$ -	\$ 1,186,156	\$ 1,186,156
Receivable from County Treasurer	634	1,586	2,220
Property Taxes Receivable	191,667	479,181	670,848
Total Assets	<u>\$ 192,301</u>	<u>\$ 1,666,923</u>	<u>\$ 1,859,224</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 8,000	\$ 8,000
Due to District No. 4	634	-	634
Total Liabilities	634	8,000	8,634
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	191,667	479,181	670,848
Total Deferred Inflows of Resources	191,667	479,181	670,848
FUND BALANCES			
Restricted for:			
Debt Service	-	1,179,742	1,179,742
Total Fund Balances	<u>-</u>	<u>1,179,742</u>	<u>1,179,742</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 192,301</u>	<u>\$ 1,666,923</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds Payable			(17,144,000)
Bond Interest Payable on Subordinate Bonds			(2,068,892)
Bond Interest Payable on Senior Bonds			(51,297)
Net Position of Governmental Activities			<u>\$ (18,084,447)</u>

See accompanying Notes to Basic Financial Statements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 150,650	\$ 376,628	\$ 527,278
Specific Ownership Taxes	8,916	22,290	31,206
System Development Fees	-	145,500	145,500
Net Investment Income	39	22,642	22,681
Total Revenues	159,605	567,060	726,665
EXPENDITURES			
Current:			
County Treasurer's Fees	2,260	5,650	7,910
Bond Interest	-	615,563	615,563
Paying Agent Fees	-	8,000	8,000
Transfer to District No. 4	157,345	-	157,345
Total Expenditures	159,605	629,213	788,818
NET CHANGE IN FUND BALANCES	-	(62,153)	(62,153)
Fund Balances - Beginning of Year	-	1,241,895	1,241,895
FUND BALANCES - END OF YEAR	\$ -	\$ 1,179,742	\$ 1,179,742

See accompanying Notes to Basic Financial Statements.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds	\$ (62,153)
--	-------------

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

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

Accrued Interest on 2018B Bonds	(176,322)
Accrued Interest on 2018C Bonds	<u>(370,101)</u>

Change in Net Position of Governmental Activities	\$ <u><u>(608,576)</u></u>
---	----------------------------

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 150,642	\$ 150,642	\$ 150,650	\$ 8
Specific Ownership Taxes	7,532	8,544	8,916	372
Net Investment Income	50	40	39	(1)
Other Revenue	-	3,774	-	(3,774)
Total Revenues	<u>158,224</u>	<u>163,000</u>	<u>159,605</u>	<u>(3,395)</u>
EXPENDITURES				
County Treasurer's Fees	2,260	2,260	2,260	-
Transfer to District No. 4	155,964	156,966	157,345	(379)
Contingency	-	3,774	-	3,774
Total Expenditures	<u>158,224</u>	<u>163,000</u>	<u>159,605</u>	<u>3,395</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Erie Highlands Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by court order and decree and recorded with the Weld County Clerk and Recorder on December 2, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the Town of Erie (the Town), in Weld County (the County), Colorado. The District was established to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and financing of water, sanitation, solid waste disposal, streets, safety, parks and recreation, transportation, fire protection, mosquito control, television relay and translation, and services within and without its boundaries.

The District was organized in conjunction with Erie Highlands Metropolitan District Nos. 1, 3, 4, and 5 (together with the District, and District Nos. 1, 3, 4, and 5, the "Districts") and operates under a Consolidated Service Plan approved by the Town on September 24, 2013. The Districts entered into an Intergovernmental Agreement Concerning District Operations (the District IGA) on September 10, 2018, which set forth the respective roles, responsibilities and obligations of each district with respect to the provision of administrative services, ownership, operation and maintenance of public improvements serving the property within the Districts. The District IGA acknowledges that the District No. 1 previously funded certain improvements with bonds issued in 2015. It additionally acknowledges that the District funded certain public improvements with bonds issued in 2018. The Districts further agree to assist each other with offsetting the costs of public improvements serving the Districts pursuant to the Service Plan.

The District IGA provides that District No. 1 will own and operate any public improvements not dedicated to the Town or another governmental entity that were financed with its previous bond issue, and that District No. 4 will own and operate the remaining such improvements. The Districts engaged District No. 4 as the operator of the District No. 1-Owned Improvements and the District No. 4-Owned Improvements. The Districts not owning and operating any public improvements agree to provide funds for the operation of such improvements. District No. 4 agrees to act as the district responsible for overall administrative services, and the remaining districts agree to compensate District No. 4 for those services.

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.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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

The District has no employees, and contracts for all of its management and professional services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and facility fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

Budgets

In accordance with the State Budget Law, 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.

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

Pooled Cash and Investments

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC 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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

Facility Fees

Facility fees consist of the fees imposed by the District pursuant to a resolution adopted by the District, on August 9, 2018, in an amount equal to \$1,500 per single-family residential unit, \$1,000 per single family attached unit, and \$1.00 per square foot of any commercial property within the District. The Facility Fees are payable on the date of issuance of a building permit for the related residential unit.

Deferred Inflows of Resources

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

District Fees

The District and Erie Highlands Metropolitan District No. 4 adopted a maintenance fee, via resolution on June 5, 2022, in the amount of \$99.83 per month per lot to maintain common areas within the boundaries of Erie Highlands Filing No. 16, which is paid to the District to fund the applicable portion of the cost of the District's maintenance activities related thereto. The fees are collected by Erie Highlands Metropolitan District No. 4.

Fund Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Fund Balance

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

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

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

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments - Restricted	\$ 1,186,156
Total Cash and Investments	<u>\$ 1,186,156</u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Investments	<u>\$ 1,186,156</u>
Total Cash and Investments	<u><u>\$ 1,186,156</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2022, the District had no cash deposits.

Investments

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

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

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ <u>1,186,156</u>

CSAFE

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

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2021	Additions	Reductions	Compounding of Unpaid Interest	Balance - December 31, 2022	Due Within One Year
Limited Tax General Obligation Bonds - Series 2018A	\$ 11,725,000	\$ -	\$ -	\$ -	\$ 11,725,000	\$ 25,000
Subordinate Limited Tax General Obligation Bonds - Series 2018B:						
Principal	1,819,000	-	-	-	1,819,000	-
Interest	493,423	139,294	-	37,028	669,745	-
Junior Lien Limited Tax General Obligation Bonds - Series 2018C:						
Principal	3,600,000	-	-	-	3,600,000	-
Interest	1,029,046	289,311	-	80,790	1,399,147	-
Total	<u>\$ 18,666,469</u>	<u>\$ 428,605</u>	<u>\$ -</u>	<u>\$ 117,818</u>	<u>\$ 19,212,892</u>	<u>\$ 25,000</u>

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

Bond Details

The District issued Limited Tax General Obligation Bonds, Series 2018A (the 2018A Senior Bonds), Subordinate Limited Tax General Obligation Bonds, Series 2018B (the 2018B Subordinate Bonds), and Junior Lien Limited Tax General Obligation Bonds, Series 2018C (the 2018C Junior Lien Bonds, and together with the 2018A Senior Bonds and the 2018B Subordinate Bonds, the 2018 Bonds) on September 28, 2018 in the amounts of \$11,725,000, \$1,819,000, and \$3,600,000, respectively.

Proceeds of the 2018A Senior Bonds were used to: (i) finance public improvements; (ii) pay capitalized interest on the 2018A Senior Bonds; (iii) fund the Senior Reserve Fund; and (iv) pay other costs in connection with the issuance of the 2018A Senior Bonds. Proceeds of the 2018B Subordinate Bonds and the 2018C Junior Lien Bonds were used to finance additional public improvements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Bond Details (Continued)

The 2018A Senior Bonds bear interest at 5.25%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The 2018 Bonds mature on December 1, 2048. To the extent the 2018A Senior Bonds are not paid when due, the unpaid principal will continue to bear interest and the unpaid interest will compound semi-annually on each June 1 and December 1 until the total repayment obligation of the District for the 2018A Senior Bonds equals the amount permitted by law. Any amounts due and owing on the 2018A Senior Bonds remaining outstanding on December 1, 2058, shall be deemed discharged and shall no longer be due and outstanding.

The 2018B Subordinate Bonds bear interest at 7.625% and mature on December 15, 2048. The 2018B Subordinate Bonds constitute subordinate “cash flow” bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Subordinate Pledged Revenue is available for payment. Principal and interest payments are due on the 2018B Subordinate Bonds on each December 15 only to the extent Subordinate Pledged Revenue is available therefor. In the event that the Subordinate Pledged Revenue is insufficient to pay the 2018B Subordinate Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually until the total repayment obligation of the District for the 2018B Subordinate Bonds equals the amount permitted by law. Any amounts due and owing on the 2018B Subordinate Bonds remaining outstanding on December 15, 2058, shall be deemed discharged and shall no longer be due and outstanding.

The 2018C Junior Lien Bonds bear interest at 8% through December 14, 2023 and 6% thereafter. The 2018C Junior Lien Bonds mature on December 15, 2052. The 2018C Junior Lien Bonds constitute junior lien “cash flow” bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Junior Lien Pledged Revenue is available for payment. Principal and interest payments are due on the 2018C Junior Lien Bonds on each December 15 only to the extent Junior Lien Pledged Revenue is available therefor. In no event will any amounts be paid on the 2018C Junior Lien Bonds until such time as there has been paid in full or defeased the 2018B Subordinate Bonds, and, to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations issued by the District.

In the event that the Junior Lien Pledged Revenue is insufficient to pay the 2018C Junior Lien Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually until the total repayment obligation of the District for the 2018C Junior Lien Bonds equals the amount permitted by law. In the event any amounts due and owing on the 2018C Junior Lien Bonds remain outstanding on December 15, 2058, such amounts shall be deemed discharged and shall no longer be due and outstanding.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption

The 2018A Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026, and thereafter	0.00

The 2018B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023, to December 14, 2024	3.00%
December 15, 2024, to December 14, 2025	2.00
December 15, 2025, to December 14, 2026	1.00
December 15, 2026, and thereafter	0.00

The 2018C Junior Lien Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023, to December 14, 2024	3.00%
December 15, 2024, to December 14, 2025	2.00
December 15, 2025, to December 14, 2026	1.00
December 15, 2026, and thereafter	0.00

Pledged Revenue

The 2018A Senior Bonds are payable solely from and to the extent of the Senior Pledged Revenue, defined generally in the 2018A Senior Indenture as the following, net of any costs of collection: (i) all Senior Property Tax Revenues; (ii) all Senior Specific Ownership Tax Revenues; (iii) all Capital Fees; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. The 2018A Senior Bonds are additionally secured by the Senior Reserve Fund, which will initially be funded with proceeds of the 2018A Senior Bonds in the amount of the Reserve Requirement, capitalized interest which will be funded with proceeds of the 2018A Senior Bonds and by amounts in the Senior Surplus Fund, if any. The Senior Surplus Fund will not be funded as of the date of issuance of the 2018A Senior Bonds.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue (Continued)

The 2018B Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue defined generally in the 2018B Subordinate Indenture as the following, net of any costs of collection: (i) all Subordinate Property Tax Revenues; (ii) all Subordinate Specific Ownership Tax Revenues; (iii) all Subordinate Capital Fee Revenue; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The 2018C Junior Lien Bonds are payable solely from and to the extent of the Junior Lien Pledged Revenue, which is defined generally in the 2018C Junior Lien Indenture as the following, net costs of collection: (i) all Junior Lien Property Tax Revenues; (ii) all Junior Lien Specific Ownership Tax Revenues; (iii) all Junior Lien Capital Fee Revenue; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

Property Tax Revenues

“Senior Property Tax Revenues” are generally defined as all moneys derived from imposition by the District of the Senior Required Mill Levy, but excluding Senior Specific Ownership Tax Revenues. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

“Subordinate Property Tax Revenues” are defined as all moneys derived from imposition by the District of the Subordinate Required Mill Levy, but excluding Subordinate Specific Ownership Tax Revenues. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

“Junior Lien Property Tax Revenues” are defined as all moneys derived from imposition by the District of the Junior Lien Required Mill Levy, but excluding Junior Lien Specific Ownership Tax Revenues. Junior Lien Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

Required Mill Levy

Pursuant to the 2018A Senior Indenture, the District will impose a Senior Required Mill Levy on all taxable property of the District each year to pay the principal of and interest on the 2018A Senior Bonds, replenish the Reserve Fund to the Reserve Requirement and, for so long as it is in existence, fund the Surplus Fund to the Maximum Surplus Amount in an amount equal to: (i) 50 mills (subject to adjustment described below) or (ii) such lesser amount that will generate Property Tax Revenues which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund, and the Reserve Fund will pay the 2018A Senior Bonds in full. In no event is the District to be required to impose the Senior Required Mill Levy after December 2057 (for collection in calendar year 2058).

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Required Mill Levy (Continued)

In the event that the method of calculating assessed valuation is changed after January 1, 2014, the minimum and maximum mill levy of 50 mills will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

The 2018B Subordinate Indenture requires the District to impose the Subordinate Required Mill Levy, which is generally defined as an ad valorem mill levy equal to 50 mills less the Senior Obligation Mill Levy (the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations), subject to adjustment.

The Junior Lien Required Mill Levy is generally defined in the 2018C Junior Lien Indenture as an ad valorem mill levy equal to 50 mills less the sum of the Senior Required Mill Levy required to be imposed by the District in accordance with the 2018A Senior Indenture, the Subordinate Required Mill Levy required to be imposed by the District in accordance with the 2018B Subordinate Indenture and any other ad valorem property tax levy required to be imposed by the District for the payment of other Senior/Subordinate Obligations, subject to adjustment. The maximum mill levy for the repayment of debt shall not apply to the District's ability to increase its mill levy as necessary for the provision of operation and maintenance services to their taxpayers. The Consolidated Service Plan allows for the imposition of a maximum of 20 mills, as adjusted, for operations and maintenance.

Specific Ownership Tax Revenues

"Senior Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Senior Required Mill Levy.

"Subordinate Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Subordinate Required Mill Levy.

"Junior Lien Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Junior Lien Required Mill Levy.

Capital Fee Revenues

Capital Fees pledged to the payment of the 2018A Senior Bonds include Facilities Fees. The Facilities Fee is imposed in the amount of \$1,500 per single family detached unit, \$1,000 per single family attached unit, and \$1.00 per square foot of any commercial property within the District. The Facilities Fee is due and payable to the District upon issuance of a building permit for construction of structures on property within the District.

"Subordinate Capital Fee Revenue" means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Capital Fee Revenues (Continued)

“Junior Lien Capital Fee Revenue” means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior/Subordinate Obligations.

Senior Reserve Fund

Moneys in the Senior Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the 2018A Senior Bonds to the extent the moneys in the Senior Bond Fund are insufficient for such purpose.

If a withdrawal from the Senior Reserve Fund is made that reduces the balance in such fund below the Reserve Requirement of \$948,238, the District shall include in the computation of its next mill levy certification the amount necessary to replenish the Senior Reserve Fund to the Reserve Requirement.

Amounts on deposit in the Senior Reserve Fund on the maturity date of the 2018A Senior Bonds shall be applied to the payment of the 2018A Senior Bonds on such date. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in December 2047 for collection in calendar year 2048.

Senior Surplus Fund

Senior Pledged Revenue that is not needed to pay debt service on the 2018A Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$1,172,500.

It is intended that amounts in the Senior Surplus Fund are to be transferred to the Senior Bond Fund prior to any transfer from the Senior Reserve Fund or the Senior Project Fund, for so long as such account remains in existence. Amounts on deposit in the Senior Surplus Fund (if any) on the maturity date of the 2018A Senior Bonds shall be applied to the payment of the 2018A Senior Bonds maturing on such date.

The District’s long-term obligations on the 2018A Senior Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 25,000	\$ 615,563	\$ 640,563
2024	135,000	614,250	749,250
2025	155,000	607,163	762,163
2026	175,000	599,025	774,025
2027	185,000	589,838	774,838
2028-2032	1,230,000	2,781,976	4,011,976
2033-2037	1,820,000	2,400,564	4,220,564
2038-2042	2,595,000	1,845,639	4,440,639
2043-2047	3,590,000	1,066,276	4,656,276
2048	1,815,000	95,288	1,910,288
Total	<u>\$ 11,725,000</u>	<u>\$ 11,215,581</u>	<u>\$ 22,940,581</u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The amounts of principal and interest payments to be made in future years on the 2018B Subordinate Bonds and the 2018C Junior Lien Bonds will depend on pledged revenue collected and cannot be predicted with certainty.

Authorized Debt

On November 5, 2013, District voters approved debt authorization in the amount of \$540,000,000 for the construction of capital improvements. The voters also authorized debt of \$60,000,000 for the cost of operating and maintaining the District's systems, \$60,000,000 for management agreements, and \$60,000,000 for mortgages.

The District had authorized but unissued debt at December 31, 2022, for the following detailed purposes:

	Authorized November 5, 2013 Election	Series 2018A Authorization Used	Series 2018B Authorization Used	Series 2018C Authorization Used	Remaining at December 31, 2022
Streets	\$ 60,000,000	\$ 7,357,846	\$ 822,966	\$ 78,837	\$ 51,740,351
Water	60,000,000	1,498,578	214,094	20,509	58,266,819
Sanitary Sewer and Storm Sewer	60,000,000	2,342,323	388,554	37,222	57,231,901
Parks and Recreation	60,000,000	526,253	393,386	3,463,432	55,616,929
Traffic & Safety	60,000,000	-	-	-	60,000,000
Mosquito Control	60,000,000	-	-	-	60,000,000
Public Transportation	60,000,000	-	-	-	60,000,000
Television Relay and Translation	60,000,000	-	-	-	60,000,000
Operations and Maintenance	60,000,000	-	-	-	60,000,000
Debt Refunding	60,000,000	-	-	-	60,000,000
Mortgages	60,000,000	-	-	-	60,000,000
Management Services related to District Facilities	60,000,000	-	-	-	60,000,000
Total	<u>\$ 720,000,000</u>	<u>\$ 11,725,000</u>	<u>\$ 1,819,000</u>	<u>\$ 3,600,000</u>	<u>\$ 702,856,000</u>

Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy.

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 NET POSITION

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

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

Restricted Net Position:

Debt Service	\$ 180,207
Total Restricted Net Position	<u>\$ 180,207</u>

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

NOTE 6 RELATED PARTIES

All of the members of the Board of Directors during 2022 were employees of, or consultants to, Clayton Properties Group II, Inc., a Colorado corporation doing business as Oakwood Homes and the major landowner, developer and homebuilder of the property within the Districts.

NOTE 7 DISTRICT AGREEMENTS

Advance and Reimbursement and Facilities Acquisition Agreement

The District and the Developer entered into an Advance and Reimbursement and Facilities Acquisition Agreement dated as of September 10, 2018 (the Acquisition Agreement). Pursuant to the Acquisition Agreement, the Developer agreed to advance funds to the District to be used for capital construction of certain Public Improvements (the Advances). In return, the District agreed to reimburse the Developer for the Advances, together with an interest rate of 3% per annum accruing from the date that the Advances were made, subject to annual appropriation and available funds of the District, and acquire any Public Improvements constructed by the Developer.

The District paid the Developer \$8,711,809 for the cost of certain Public Improvements from proceeds of the issuance of the 2018 Bonds. As of December 31, 2022, there were no outstanding amounts owed to the Developer by the District for Public Improvements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 RISK MANAGEMENT

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

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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 transfers its net operating revenue to District No. 4. Therefore, the Emergency Reserves related to the District's revenues are reported in District No. 4.

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 5, 2013, the District voters passed an election question to increase property taxes \$2,000,000 annually, with a maximum mill levy of 20 mills (subject to adjustment for changes occurring in the method of calculating assessed valuation), to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue annually, other than ad valorem taxes, without regard to limitations under TABOR.

SUPPLEMENTARY INFORMATION

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 376,609	\$ 376,628	\$ 19
Specific Ownership Taxes	18,830	22,290	3,460
System Development Fees	150,000	145,500	(4,500)
Net Investment Income	1,300	22,642	21,342
Total Revenues	<u>546,739</u>	<u>567,060</u>	<u>20,321</u>
EXPENDITURES			
County Treasurer's Fees	5,649	5,650	(1)
Paying Agent Fees	8,000	8,000	-
Bond Interest	615,563	615,563	-
Contingency	5,788	-	5,788
Total Expenditures	<u>635,000</u>	<u>629,213</u>	<u>5,787</u>
NET CHANGE IN FUND BALANCE	(88,261)	(62,153)	26,108
Fund Balance - Beginning of Year	<u>1,225,602</u>	<u>1,241,895</u>	<u>16,293</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,137,341</u></u>	<u><u>\$ 1,179,742</u></u>	<u><u>\$ 42,401</u></u>

OTHER INFORMATION

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022

Bonds and Interest Maturing in the Year Ending <u>December 31,</u>	\$11,725,000 Limited Tax General Obligation Bonds Dated September 28, 2018 Series 2018A Interest Rate of 5.25% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2023	\$ 25,000	\$ 615,563	\$ 640,563
2024	135,000	614,250	749,250
2025	155,000	607,163	762,163
2026	175,000	599,025	774,025
2027	185,000	589,838	774,838
2028	210,000	580,125	790,125
2029	220,000	569,100	789,100
2030	250,000	557,550	807,550
2031	260,000	544,425	804,425
2032	290,000	530,775	820,775
2033	310,000	515,550	825,550
2034	340,000	499,275	839,275
2035	360,000	481,425	841,425
2036	395,000	462,525	857,525
2037	415,000	441,788	856,788
2038	455,000	420,000	875,000
2039	480,000	396,113	876,113
2040	520,000	370,913	890,913
2041	545,000	343,613	888,613
2042	595,000	315,000	910,000
2043	625,000	283,763	908,763
2044	675,000	250,950	925,950
2045	710,000	215,513	925,513
2046	770,000	178,238	948,238
2047	810,000	137,813	947,813
2048	1,815,000	95,288	1,910,288
Total	\$ 11,725,000	\$ 11,215,581	\$ 22,940,581

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
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
		General	Debt Service	Levied	Collected	
2018	\$ 466,190	22.111	0.000	\$ 10,308	\$ 10,308	100.00 %
2019	1,948,370	22.111	55.277	150,780	132,689 *	88.00
2020	3,140,450	22.265	55.663	244,729	244,729	100.00
2021	5,334,870	22.265	55.663	415,736	415,228	99.88
2022	6,765,870	22.265	55.663	527,251	527,278	100.01
Estimated for the Year Ending December 31, 2023	\$ 8,564,600	22.379	55.949	\$ 670,848		

*In 2019, refunds and abatements totaled \$18,901.

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.

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT	Erie Highlands Metropolitan District No. 3
ADDRESS	8390 East Crescent Parkway
	Suite 300
	Greenwood Village, CO 80111
CONTACT PERSON	Shelby Clymer
PHONE	303-779-5710
EMAIL	Shelby.Clymer@claconnect.com

For the Year Ended
12/31/22
or fiscal year ended:

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:	Shelby Clymer
TITLE	Accountant for the District
FIRM NAME (if applicable)	CliftonLarsonAllen LLP
ADDRESS	8390 East Crescent Parkway, Suite 300 Greenwood Village, CO 80111
PHONE	303-779-5710
DATE PREPARED	2/17/2023

PREPARER (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types	GOVERNMENTAL <small>(MODIFIED ACCRUAL BASIS)</small>	PROPRIETARY <small>(CASH OR BUDGETARY BASIS)</small>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ 11,239	Please use this space to provide any necessary explanations
2-2	Specific ownership	\$ 665	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 11,904	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	
3-1	Administrative	\$ -	Please use this space to provide any necessary explanations
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24	Treasurer's Fees	\$ 169	
3-25	Transfer to Erie Highlands Metropolitan District No.4	\$ 11,735	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 11,904	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A. The District has no debt</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A. The District has no debt</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Lease Liabilities	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

	Yes	No
4-5 Does the entity have any authorized, but unissued, debt? If yes: How much? <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;">\$ 720,000,000.00</div> Date the debt was authorized: <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;">11/5/2013</div>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4-6 Does the entity intend to issue debt within the next calendar year? If yes: How much? <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-7 Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding? <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8 Does the entity have any lease agreements? If yes: What is being leased? <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;"></div> What is the original date of the lease? <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;"></div> Number of years of lease? <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;"></div> Is the lease subject to annual appropriation? <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;"></div> What are the annual lease payments? <div style="border: 1px solid black; padding: 2px; margin-top: 5px; width: 150px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ -
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ -

Please answer the following questions by marking in the appropriate boxes

	Yes	No	N/A
5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: Yes No

N/A. The District has no capital assets.

Complete the following capital & right-to-use assets table:	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation/Amortization (Please enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firefighters' pension plan? Yes No
- 7-2 Does the entity have a volunteer firefighters' pension plan? Yes No
- If yes: Who administers the plan? Yes No

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1? \$ -

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A
- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
Amended General Fund	\$ 13,000

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes No

- 9-1** Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?
- Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 10-1** Is this application for a newly formed governmental entity?
- If yes: Date of formation:
- 10-2** Has the entity changed its name in the past or current year?

If yes: Please list the NEW name & PRIOR name:

- 10-3** Is the entity a metropolitan district?
- Please indicate what services the entity provides:

- 10-4** Does the entity have an agreement with another government to provide services?
- If yes: List the name of the other governmental entity and the services provided:

- 10-5** Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during
- If yes: Date Filed:

- 10-6** Does the entity have a certified Mill Levy?

If yes: Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	-
General/Other mills	22.265
Total mills	22.265

Please use this space to provide any explanations or comments:

10-3: Mosquito elimination and control, fire protection, parks and recreation, traffic and safety control, sanitation services, street improvement, television relay and translator, transportation, water, solid waste disposal, and covenant enforcement.

10-4: Erie Highlands Metropolitan District Nos. 1, 2, 4, and 5. District No. 4 serves as the operating District and District Nos. 1, 2, 3, and 5 serve as the financing Districts.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Brandon Wyszynski	I, Brandon Wyszynski, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <small>DocuSigned by:</small> <u>Brandon Wyszynski</u> Date: <small>9E8B75DB3C664FC</small> <u>3/24/2023</u> My term Expires: May 2023
Board Member 2	Chris Carlton	I, Chris Carlton, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <small>DocuSigned by:</small> <u>Chris Carlton</u> Date: <small>B18217EDE74A41D...</small> <u>3/27/2023</u> My term Expires: May 2023
Board Member 3	Aric M. Jones	I, Aric M. Jones, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: May 2023
Board Member 4		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 5		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____



CliftonLarsonAllen LLP
8390 East Crescent Pkwy., Suite 300
Greenwood Village, CO 80111

phone 303-779-5710 fax 303-779-0348
CLAconnect.com

Accountant's Compilation Report

Board of Directors
Erie Highlands Metropolitan District No. 3
Weld County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Erie Highlands Metropolitan District No. 3 as of and for the year ended December 31, 2022, included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Erie Highlands Metropolitan District No. 3.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

Greenwood Village, Colorado
February 17, 2023

Certificate Of Completion

Envelope Id: AA8060352CAA4342B32C698B35AE59DF	Status: Completed
Subject: Complete with DocuSign: EHMD3 2022 Audit Exemption.pdf	
Client Name: Erie Highlands Metropolitan District No. 3	
Client Number: A361953	
Source Envelope:	
Document Pages: 8	Signatures: 2
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Enabled	CJ Cook
Time Zone: (UTC-06:00) Central Time (US & Canada)	220 S 6th St Ste 300
	Minneapolis, MN 55402-1418
	cj.cook@claconnect.com
	IP Address: 50.169.146.162

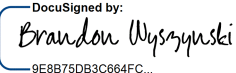
Record Tracking

Status: Original	Holder: CJ Cook	Location: DocuSign
3/22/2023 5:50:26 PM	cj.cook@claconnect.com	

Signer Events

Brandon Wyszynski
 bwyszynski@oakwoodhomesco.com
 Board President
 Security Level: Email, Account Authentication (None)

Signature

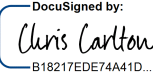
DocuSigned by:

 9E8B75DB3C664FC...
 Signature Adoption: Pre-selected Style
 Using IP Address: 216.87.72.100

Timestamp

Sent: 3/22/2023 5:54:58 PM
 Resent: 3/24/2023 4:56:03 PM
 Viewed: 3/24/2023 5:07:59 PM
 Signed: 3/24/2023 5:08:04 PM

Electronic Record and Signature Disclosure:
 Accepted: 3/13/2019 12:31:25 PM
 ID: 5fb4ed75-9b46-4253-8a63-f6b610d63593

Chris Carlton
 ccarton@oakwoodhomesco.com
 Assistant Secretary
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 B18217EDE74A41D...
 Signature Adoption: Pre-selected Style
 Using IP Address: 174.51.151.26

Sent: 3/22/2023 5:54:59 PM
 Resent: 3/24/2023 4:56:04 PM
 Resent: 3/27/2023 9:53:09 AM
 Viewed: 3/27/2023 11:57:50 AM
 Signed: 3/27/2023 11:57:56 AM

Electronic Record and Signature Disclosure:
 Accepted: 2/29/2020 5:45:54 AM
 ID: 92f381dd-ae7a-4c12-bde9-8172b1cf8f93

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	3/22/2023 5:54:59 PM
Certified Delivered	Security Checked	3/27/2023 11:57:50 AM
Signing Complete	Security Checked	3/27/2023 11:57:56 AM
Completed	Security Checked	3/27/2023 11:57:56 AM

Payment Events	Status	Timestamps
-----------------------	---------------	-------------------

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, CliftonLarsonAllen LLP (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact CliftonLarsonAllen LLP:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: BusinessTechnology@CLAconnect.com

To advise CliftonLarsonAllen LLP of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at BusinessTechnology@CLAconnect.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from CliftonLarsonAllen LLP

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with CliftonLarsonAllen LLP

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify CliftonLarsonAllen LLP as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by CliftonLarsonAllen LLP during the course of your relationship with CliftonLarsonAllen LLP.

**ERIE HIGHLANDS METROPOLITAN
DISTRICT NO. 4
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
SPECIAL REVENUE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	7
NOTES TO BASIC FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	22
GENERAL FUND – SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL	23
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	26



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Erie Highlands Metropolitan District No. 4
Weld County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Erie Highlands Metropolitan District No. 4, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Duggio & Associates, P.C.

April 20, 2023

BASIC FINANCIAL STATEMENTS

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 77,475
Cash and Investments - Restricted	60,285
Due from Other Districts	5,511
Receivable from County Treasurer	70
Accounts Receivable	1,119
Prepaid Expense	46,023
Property Taxes Receivable	22,241
Capital Assets Not Being Depreciated	151,182
Capital Assets, Net	3,220,117
Total Assets	3,584,023
LIABILITIES	
Accounts Payable	119,950
Prepaid Assessments	1,773
Landscape Escrow	30,000
Noncurrent Liabilities:	
Due in More Than One Year	1,765,727
Total Liabilities	1,917,450
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	22,241
Total Deferred Inflows of Resources	22,241
NET POSITION	
Net Investment in Capital Assets	3,371,299
Restricted for:	
Emergency Reserves	16,700
Debt Service	43,635
Unrestricted	(1,787,302)
Total Net Position	\$ 1,644,332

See accompanying Notes to Basic Financial Statements.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 930,224	\$ 23,920	\$ 516,252	\$ -	\$ (390,052)
Interest and Related Costs on Long-Term Debt	97,487	-	-	-	(97,487)
	\$ 1,027,711	\$ 23,920	\$ 516,252	\$ -	(487,539)
GENERAL REVENUES					
Property Taxes					16,669
Specific Ownership Taxes					987
Net Investment Income					2,704
Other Revenue					7,122
Total General Revenues					27,482
CHANGE IN NET POSITION					(460,057)
Net Position - Beginning of Year					2,104,389
NET POSITION - END OF YEAR					\$ 1,644,332

See accompanying Notes to Basic Financial Statements.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

ASSETS	General	Special Revenue	Debt Service	Total Governmental Funds
Cash and Investments	\$ 73,755	\$ 3,720	\$ -	\$ 77,475
Cash and Investments - Restricted	16,400	300	43,585	60,285
Receivable from County Treasurer	20	-	50	70
Accounts Receivable	213	906	-	1,119
Due from District No. 1	4,810	-	-	4,810
Due from District No. 2	634	-	-	634
Due from District No. 3	47	-	-	47
Due from District No. 5	20	-	-	20
Prepaid Insurance and Expenses	46,023	-	-	46,023
Property Taxes Receivable	6,355	-	15,886	22,241
	<u>\$ 148,277</u>	<u>\$ 4,926</u>	<u>\$ 59,521</u>	<u>\$ 212,724</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 112,110	\$ 7,840	\$ -	\$ 119,950
Prepaid Assessments	-	1,773	-	1,773
Landscape Escrow	30,000	-	-	30,000
Total Liabilities	<u>142,110</u>	<u>9,613</u>	<u>-</u>	<u>151,723</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	6,355	-	15,886	22,241
Total Deferred Inflows of Resources	<u>6,355</u>	<u>-</u>	<u>15,886</u>	<u>22,241</u>
FUND BALANCES				
Nonspendable	46,023	-	-	46,023
Restricted for:				
Emergency Reserves	16,400	300	-	16,700
Debt Service	-	-	43,635	43,635
Unassigned	(62,611)	(4,987)	-	(67,598)
Total Fund Balances	<u>(188)</u>	<u>(4,687)</u>	<u>43,635</u>	<u>38,760</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 148,277</u>	<u>\$ 4,926</u>	<u>\$ 59,521</u>	

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

Capital assets are reported as assets on the Statement of Net Position but are recorded as expenditures in the funds.
Capital Assets, Net

3,371,299

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

Developer Advances Payable
Accrued Interest on Developer Advances

(1,507,549)
(258,178)

Net Position of Governmental Activities

\$ 1,644,332

See accompanying Notes to Basic Financial Statements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Special Revenue	Debt Service	Total Governmental Funds
REVENUES				
Property Taxes	\$ 4,762	\$ -	\$ 11,907	\$ 16,669
Specific Ownership Taxes	282	-	705	987
Clubhouse Rental	6,700	-	-	6,700
Design Review Fee	7,500	-	-	7,500
Transfer from District No. 1	342,199	-	-	342,199
Transfer from District No. 2	157,345	-	-	157,345
Transfer from District No. 3	11,735	-	-	11,735
Transfer from District No. 5	4,973	-	-	4,973
Net Investment Income	2,704	-	-	2,704
Other Revenue	7,122	-	-	7,122
Carriage House District Fees	-	9,720	-	9,720
Total Revenues	<u>545,322</u>	<u>9,720</u>	<u>12,612</u>	<u>567,654</u>
EXPENDITURES				
Current:				
General and Administrative	275,038	5,826	-	280,864
District Operations and Maintenance	253,214	8,581	-	261,795
Clubhouse Operations	132,232	-	-	132,232
Pool Operations	109,966	-	-	109,966
Debt Service:				
County Treasurer's Fees	-	-	180	180
Total Expenditures	<u>770,450</u>	<u>14,407</u>	<u>180</u>	<u>785,037</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(225,128)	(4,687)	12,432	(217,383)
OTHER FINANCING SOURCES (USES)				
Developer Advance	200,000	-	-	200,000
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCES	(25,128)	(4,687)	12,432	(17,383)
Fund Balances - Beginning of Year	<u>24,940</u>	<u>-</u>	<u>31,203</u>	<u>56,143</u>
FUND BALANCES - END OF YEAR	<u>\$ (188)</u>	<u>\$ (4,687)</u>	<u>\$ 43,635</u>	<u>\$ 38,760</u>

See accompanying Notes to Basic Financial Statements.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ (17,383)

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

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

Depreciation (145,367)

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

Developer Advances (200,000)

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

Change in Accrued Interest on Developer Advances (97,307)

Change in Net Position of Governmental Activities \$ (460,057)

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 4,762	\$ 4,762	\$ -
Specific Ownership Taxes	238	282	44
Clubhouse Rental	5,000	6,700	1,700
Design Review Fee	10,000	7,500	(2,500)
Transfer from District No. 1	339,248	342,199	2,951
Transfer from District No. 2	155,964	157,345	1,381
Transfer from District No. 3	11,631	11,735	104
Transfer from District No. 5	4,929	4,973	44
Net Investment Income	100	2,704	2,604
Other Revenue	143,800	7,122	(136,678)
Total Revenues	<u>675,672</u>	<u>545,322</u>	<u>(130,350)</u>
EXPENDITURES			
General and Administrative	312,300	275,038	37,262
District Operations and Maintenance	298,450	253,214	45,236
Clubhouse Operations	151,000	132,232	18,768
Pool Operations	110,250	109,966	284
Total Expenditures	<u>872,000</u>	<u>770,450</u>	<u>101,550</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(196,328)	(225,128)	(28,800)
OTHER FINANCING SOURCES (USES)			
Developer Advance	200,000	200,000	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,672	(25,128)	(28,800)
Fund Balance - Beginning of Year	<u>21,585</u>	<u>24,940</u>	<u>3,355</u>
FUND BALANCE - END OF YEAR	<u>\$ 25,257</u>	<u>\$ (188)</u>	<u>\$ (25,445)</u>

See accompanying Notes to Basic Financial Statements.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
SPECIAL REVENUE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Carriage House District Fees	\$ 31,347	\$ 9,720	\$ (21,627)
Other Revenue	6,429	-	(6,429)
Total Revenues	<u>37,776</u>	<u>9,720</u>	<u>(28,056)</u>
EXPENDITURES			
General and Administrative:			
Billing	1,759	5,677	(3,918)
Insurance and Bonds	1,000	-	1,000
Legal Services	500	-	500
Miscellaneous	-	149	(149)
Postage, Copies, and Supplies	500	-	500
Contingency	1,577	-	1,577
Operations and Maintenance:			
Landscaping	20,000	1,031	18,969
Operations Management	3,140	5,656	(2,516)
Utilities	200	-	200
Snow Removal	5,000	1,894	3,106
Repairs and Maintenance	1,000	-	1,000
Total Expenditures	<u>34,676</u>	<u>14,407</u>	<u>20,269</u>
NET CHANGE IN FUND BALANCE	3,100	(4,687)	(7,787)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,100</u>	<u>\$ (4,687)</u>	<u>\$ (7,787)</u>

See accompanying Notes to Basic Financial Statements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Erie Highlands Metropolitan District No. 4 (the "District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by court order and decree and recorded with the Weld County Clerk and Recorder on December 2, 2013 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the Town of Erie (the "Town"), in Weld County (the "County"), Colorado. The District was established to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and financing of water, sanitation, solid waste disposal, streets, safety, parks and recreation, transportation, fire protection, mosquito control, television relay and translation, and services within and without its boundaries.

The District was organized in conjunction with Erie Highlands Metropolitan District Nos. 1, 2, 3, and 5 (together with the District, and District Nos. 1, 2, 3, and 5, the "Districts") and operates under a Consolidated Service Plan approved by the Town on September 24, 2013. The Districts entered into an Intergovernmental Agreement Concerning District Operations (the "District IGA") on September 10, 2018, which set forth the respective roles, responsibilities and obligations of each district with respect to the provision of administrative services, ownership, operation and maintenance of public improvements serving the property within the Districts. The District IGA acknowledges that District No. 1 previously funded certain improvements with bonds issued in 2015. It additionally acknowledges that District No. 2 funded certain public improvements with bonds issued in 2018. The Districts further agree to assist each other with offsetting the costs of public improvements serving the Districts pursuant to the Service Plan.

The District IGA provides that District No. 1 will own and operate any public improvements not dedicated to the Town or another governmental entity that were financed with its previous bond issue, and that the District will own and operate the remaining such improvements. The Districts engaged the District as the operator of the District No. 1-Owned Improvements and the District-Owned Improvements. The Districts not owning and operating any public improvements agree to provide funds for the operation of such improvements. The District agrees to act as the district responsible for overall administrative services, and the remaining districts agree to compensate the District for those services.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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

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

The District has no employees, and contracts for all of its management and professional services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are 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. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and facility fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with the operation and maintenance of the Carriage Homes filings.

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

Budgets

In accordance with the State Budget Law, 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.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of 10 to 30 years.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

District Fees

Erie Highlands Metropolitan District No. 2 and the District adopted a maintenance fee in the amount of \$99.83 per month per lot to maintain common areas within the boundaries of Erie Highlands Filing No. 16, which is paid to the District to fund the applicable portion of the cost of the District's maintenance activities related thereto.

Fund Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

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

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

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Fund Balance (Continued)

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

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

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

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

Deficits

The General Fund and Special Revenue Fund reported deficits in the fund financial statements as of December 31, 2022. The deficits will be eliminated with the receipt of Developer advances and District Fees in 2023, respectively.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 77,475
Cash and Investments - Restricted	60,285
Total Cash and Investments	\$ 137,760

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

Deposits with Financial Institutions	\$ 31,453
Investments	106,307
Total Cash and Investments	\$ 137,760

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2022, the District's cash deposits had a bank and a carrying balance of \$31,453.

Investments

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

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

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

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

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

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC 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>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 106,307

CSAFE

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

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

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

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 151,182	\$ -	\$ -	\$ 151,182
Total Capital Assets, Not Being Depreciated	151,182	-	-	151,182
Capital Assets, Being Depreciated:				
Pool and Clubhouse	3,362,455	-	-	3,362,455
Parks and Recreation	102,093	-	-	102,093
Landscape Improvements	393,223	-	-	393,223
Total Capital Assets, Being Depreciated	3,857,771	-	-	3,857,771
Less Accumulated Depreciation For:				
Pool and Clubhouse	393,328	113,348	-	506,676
Parks and Recreation	20,314	5,804	-	26,118
Landscape Improvements	78,645	26,215	-	104,860
Total Accumulated Depreciation	492,287	145,367	-	637,654
Total Capital Assets, Being Depreciated, Net	3,365,484	(145,367)	-	3,220,117
Capital Assets, Net	<u>\$ 3,516,666</u>	<u>\$ (145,367)</u>	<u>\$ -</u>	<u>\$ 3,371,299</u>

During 2018, District No. 1 conveyed the ownership of the pool and clubhouse to the District. Certain costs of the pool and clubhouse, along with the costs of other capital assets to be owned and maintained by the District, were funded with a portion of the proceeds of the District No. 2 bonds and constitute District-Owned Improvements, as permitted by the District IGA described in Note 1.

Depreciation expense was charged to the general government function of the District in the amount of \$145,367 for the year ended December 31, 2022.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Due Within One Year
Developer Advances -					
Operations:					
Principal	\$ 1,126,531	\$ 200,000	\$ -	\$ 1,326,531	\$ -
Interest	155,173	91,876	-	247,049	-
Developer Advances -					
Capital:					
Principal	181,018	-	-	181,018	-
Interest	5,698	5,431	-	11,129	-
Total	<u>\$ 1,468,420</u>	<u>\$ 297,307</u>	<u>\$ -</u>	<u>\$ 1,765,727</u>	<u>\$ -</u>

Authorized Debt

On November 5, 2013, District voters approved debt authorization in the amount of \$540,000,000 for the construction of capital improvements. The voters also authorized debt of \$60,000,000 for the cost of operating and maintaining the District's systems, \$60,000,000 for management agreements, and \$60,000,000 for mortgages.

The District had authorized but unissued debt at December 31, 2022, for the following detailed purposes:

	Authorized November 5, 2013 Election	Remaining at December 31, 2022
Streets	\$ 60,000,000	\$ 60,000,000
Water	60,000,000	60,000,000
Sanitary Sewer and Storm Sewer	60,000,000	60,000,000
Parks and Recreation	60,000,000	60,000,000
Traffic & Safety	60,000,000	60,000,000
Mosquito Control	60,000,000	60,000,000
Public Transportation	60,000,000	60,000,000
Television Relay and Translation	60,000,000	60,000,000
Operations and Maintenance	60,000,000	60,000,000
Debt Refunding	60,000,000	60,000,000
Mortgages	60,000,000	60,000,000
Management Services related to District Facilities	60,000,000	60,000,000
Total	<u>\$ 720,000,000</u>	<u>\$ 720,000,000</u>

Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy.

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	<u>\$ 3,371,299</u>

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

Restricted Net Position:	
Emergency Reserves	\$ 16,700
Debt Service	<u>43,635</u>
Total Restricted Net Position	<u>\$ 60,335</u>

The District has a deficit in unrestricted net position.

NOTE 7 RELATED PARTIES

All of the members of the Board of Directors during 2022 were employees of, or consultants to, Clayton Properties Group II, Inc., a Colorado corporation doing business as Oakwood Homes and the major landowner, developer and homebuilder of the property within the Districts.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 DISTRICT AGREEMENTS

Advance and Reimbursement Agreement

The District entered into an Advance and Reimbursement Agreement (the Agreement) with Oakwood Homes LLC (the Developer) on December 11, 2015. The Agreement was assigned to Clayton Properties Group II, LLC (Clayton) pursuant to a Bill of Sale and Assignment and Assumption Agreement between inter alia Oakwood Homes and Clayton dated July 3, 2017. Pursuant to the Agreement, the Developer will provide advances to the District for operations and maintenance.

The District will reimburse the Developer for the advances, together with interest at the rate of 8% per annum. The District will 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. Payments by the District are applied first to interest on, then to principal of the advances.

This agreement shall be in effect until the end of the next fiscal year after the date of execution and shall automatically renew, each fiscal year until terminated. Principal and interest in the amounts of \$1,326,531 and \$247,049, respectively, remain outstanding as of December 31, 2022.

Advance and Reimbursement and Facilities Acquisition Agreement

The District and the Developer entered into an Advance and Reimbursement and Facilities Acquisition Agreement dated as of December 15, 2019 (the AR Agreement). The AR Agreement was assigned to Clayton Properties Group II, LLC (Clayton) pursuant to a Bill of Sale and Assignment and Assumption Agreement between inter alia Oakwood Homes and Clayton dated July 3, 2017.

Pursuant to the AR Agreement, the Developer agreed to advance funds to the District to be used for capital construction of certain Public Improvements (the Advances). In return, the District agreed to reimburse the Developer for the Advances, together with an interest rate of 3% per annum accruing from the date that the Advances were made, subject to annual appropriation and available funds of the District, and acquire any Public Improvements constructed by the Developer.

As of December 31, 2022, principal and interest in the amounts of \$181,018 and \$11,129, respectively, remain outstanding to the Developer for public improvements.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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 5, 2013, the District voters passed an election question to increase property taxes \$2,000,000 annually, with a maximum mill levy of 20 mills (subject to adjustment for changes occurring in the method of calculating assessed valuation), to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue annually, other than ad valorem taxes, without regard to limitations under TABOR.

SUPPLEMENTARY INFORMATION

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 11,907	\$ 11,907	\$ -
Specific Ownership Taxes	595	705	110
Total Revenues	<u>12,502</u>	<u>12,612</u>	<u>110</u>
EXPENDITURES			
County Treasurer's Fees	179	180	(1)
Contingency	359	-	359
Total Expenditures	<u>538</u>	<u>180</u>	<u>358</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,964	12,432	468
OTHER FINANCING SOURCES (USES)			
Developer Repayment	(43,500)	-	(43,500)
Total Other Financing Sources (Uses)	<u>(43,500)</u>	<u>-</u>	<u>(43,500)</u>
NET CHANGE IN FUND BALANCE	(31,536)	12,432	43,968
Fund Balance - Beginning of Year	<u>31,536</u>	<u>31,203</u>	<u>(333)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 43,635</u>	<u>\$ 43,635</u>

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
GENERAL FUND –
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES			
General and Administrative:			
Accounting	\$ 80,000	\$ 71,629	\$ 8,371
Auditing	15,500	14,700	800
County Treasurer's Fees	71	71	-
District Management	75,000	78,000	(3,000)
Dues and Licenses	3,000	2,290	710
Election Expense	50,000	11,553	38,447
Insurance and Bonds	32,000	33,695	(1,695)
Legal Services	50,000	54,691	(4,691)
Miscellaneous	5,000	8,409	(3,409)
Contingency	1,729	-	1,729
Total General and Administrative	312,300	275,038	37,262
District Operations and Maintenance:			
Concrete Repairs	2,500	-	2,500
Fencing Repairs	4,500	63	4,437
Holiday Lights	12,000	9,967	2,033
Landscape Repairs	2,500	188	2,312
Playground Equipment Maintenance	5,000	-	5,000
Native Area Maintenance	5,000	1,248	3,752
Repairs and Maintenance	5,000	844	4,156
Snow Removal	50,000	28,050	21,950
Landscaping	126,000	110,805	15,195
Plant Material Replacements	10,000	9,875	125
Monument Maintenance	4,000	866	3,134
Utilities	10,000	49,781	(39,781)
Covenant Control and Inspections	36,750	34,895	1,855
Irrigation Repairs	25,200	6,632	18,568
Total District Operations and Maintenance	298,450	253,214	45,236

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
GENERAL FUND –
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

EXPENDITURES (CONTINUED)	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Clubhouse Operations:			
Cleaning and Supplies	\$ 6,000	\$ 7,153	\$ (1,153)
Clubhouse Events	7,500	11,148	(3,648)
Clubhouse Electric Repairs	2,500	1,300	1,200
Clubhouse Plumbing Repairs	2,500	255	2,245
Clubhouse General Repairs	2,500	12,624	(10,124)
Clubhouse Management	25,000	12,094	12,906
Clubhouse Operations and Maintenance	20,000	24,961	(4,961)
Fencing Repairs - Clubhouse	1,000	-	1,000
Grounds Maintenance	9,500	2,468	7,032
Irrigation Repairs - Clubhouse	2,000	-	2,000
Mechanical System Repair	1,500	-	1,500
Plant Material Replacements - Clubhouse	3,500	3,862	(362)
Security	5,500	4,981	519
Snow Removal - Clubhouse	10,000	5,147	4,853
Utilities - Clubhouse	40,000	42,501	(2,501)
Work Order Repairs and Maintenance	12,000	3,738	8,262
Total Clubhouse Operations	<u>151,000</u>	<u>132,232</u>	<u>18,768</u>
Pool Operations:			
Lifeguards	57,750	49,054	8,696
Pool Chemicals	12,500	14,219	(1,719)
Pool Maintenance	30,000	34,268	(4,268)
Pool Repairs	10,000	12,425	(2,425)
Total Pool Operations	<u>110,250</u>	<u>109,966</u>	<u>284</u>
Total Expenditures	<u>\$ 872,000</u>	<u>\$ 770,450</u>	<u>\$ 101,550</u>

OTHER INFORMATION

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
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
		General	Debt Service	Levied	Collected	
2018	\$ 466,190	22.111	55.277	\$ 36,078	\$ 36,078	100.00 %
2019	1,948,370	22.111	55.277	150,780	132,689 *	88.00
2020	1,045,880	22.265	55.663	81,504	81,503	100.00
2021	544,080	22.265	55.663	42,399	41,891	98.80
2022	213,900	22.265	55.663	16,669	16,669	100.00
Estimated for the Year Ending December 31, 2023	\$ 317,730	20.000	50.000	\$ 22,241		

* In 2019, refunds and abatements totaled \$18,091.

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.

APPLICATION FOR EXEMPTION FROM AUDIT**SHORT FORM**NAME OF GOVERNMENT
ADDRESS**Erie Highlands Metropolitan District No.5****8390 East Crescent Parkway****Suite 300****Greenwood Village, CO 80111**

CONTACT PERSON

Shelby Clymer

PHONE

303-779-5710

EMAIL

Shelby.Clymer@claconnect.comFor the Year Ended
12/31/22
or fiscal year ended:**PART 1 - CERTIFICATION OF PREPARER**

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:

Shelby Clymer

TITLE

Accountant for the District

FIRM NAME (if applicable)

CliftonLarsonAllen LLP

ADDRESS

8390 East Crescent Parkway, Suite 300 Greenwood Village, CO 80111

PHONE

303-779-5710

DATE PREPARED

2/17/2023**PREPARER** (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

Please indicate whether the following financial information is recorded
using Governmental or Proprietary fund types**GOVERNMENTAL**
(MODIFIED ACCRUAL BASIS)**PROPRIETARY**
(CASH OR BUDGETARY BASIS)

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

		Yes	No
4-1	Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-2	Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A. The District has no debt.</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-3	Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A. The District has no debt.</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)	Outstanding at end of prior year*	Issued during year	Retired during year	Outstanding at year-end
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Lease Liabilities	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

		Yes	No
4-5	Does the entity have any authorized, but unissued, debt? If yes: How much? <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;">\$ 720,000,000.00</div> Date the debt was authorized: <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;">11/5/2013</div>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4-6	Does the entity intend to issue debt within the next calendar year? If yes: How much? <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-7	Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding? <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8	Does the entity have any lease agreements? If yes: What is being leased? <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;"> </div> What is the original date of the lease? <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;"> </div> Number of years of lease? <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;"> </div> Is the lease subject to annual appropriation? <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;"> </div> What are the annual lease payments? <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;">\$ -</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2	Certificates of deposit	\$ -	
Total Cash Deposits			\$ -
Investments (if investment is a mutual fund, please list underlying investments):			
5-3		\$ -	
		\$ -	
		\$ -	
		\$ -	
Total Investments			\$ -
Total Cash and Investments			\$ -

Please answer the following questions by marking in the appropriate boxes

		Yes	No	N/A
5-4	Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL AND RIGHT-TO-USE ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: Yes No

N/A. The District has no capital assets.

Complete the following capital & right-to-use assets table:	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation/Amortization (Please enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firefighters' pension plan? Yes No
- 7-2 Does the entity have a volunteer firefighters' pension plan? Yes No
- If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1? \$ -

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A
-
- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
Amended General Fund	\$ 6,000

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes No

- 9-1** Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?
- Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 10-1** Is this application for a newly formed governmental entity?
- If yes: **Date of formation:**
- 10-2** Has the entity changed its name in the past or current year?

If yes: **Please list the NEW name & PRIOR name:**

- 10-3** Is the entity a metropolitan district?
- Please indicate what services the entity provides:**

- 10-4** Does the entity have an agreement with another government to provide services?

If yes: **List the name of the other governmental entity and the services provided:**

- 10-5** Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: **Date Filed:**

- 10-6** Does the entity have a certified Mill Levy?

If yes:

Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	-
General/Other mills	22.265
Total mills	22.265

Please use this space to provide any explanations or comments:

10-3: Mosquito elimination and control, fire protection, parks and recreation, traffic and safety control, sanitation services, street improvement, television relay and translator, transportation, water, solid waste disposal, and covenant enforcement.

10-4: Erie Highlands Metropolitan District Nos. 1, 2, 3, and 4. District No. 4 serves as the operating District and District Nos. 1, 2, 3, and 5 serve as the financing Districts.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

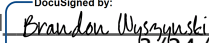
Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Brandon Wyszynski	I, Brandon Wyszynski, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed:  Date: 3/24/2023 My term Expires: May 2023
Board Member 2	Chris Carlton	I, Chris Carlton, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed:  Date: 3/27/2023 My term Expires: May 2023
Board Member 3	Aric M. Jones	I, Aric M. Jones, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: May 2023
Board Member 4		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 5		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____



CliftonLarsonAllen LLP
8390 East Crescent Pkwy., Suite 300
Greenwood Village, CO 80111

phone 303-779-5710 fax 303-779-0348
CLAconnect.com

Accountant's Compilation Report

Board of Directors
Erie Highlands Metropolitan District No. 5
Weld County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Erie Highlands Metropolitan District No. 5 as of and for the year ended December 31, 2022, included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Erie Highlands Metropolitan District No. 5.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Greenwood Village, Colorado
February 17, 2023

Certificate Of Completion

Envelope Id: B365602DA68E47C889A657548B06B2DF	Status: Completed
Subject: Complete with DocuSign: EHMD5 - 2022 Audit Exemption.pdf	
Client Name: Erie Highlands Metropolitan District No.5	
Client Number: A361951	
Source Envelope:	
Document Pages: 8	Signatures: 2
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	CJ Cook
Time Zone: (UTC-06:00) Central Time (US & Canada)	220 S 6th St Ste 300
	Minneapolis, MN 55402-1418
	cj.cook@claconnect.com
	IP Address: 50.169.146.162

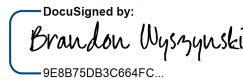
Record Tracking

Status: Original	Holder: CJ Cook	Location: DocuSign
3/22/2023 5:56:26 PM	cj.cook@claconnect.com	

Signer Events

Brandon Wyszynski
 bwyszynski@oakwoodhomesco.com
 Board President
 Security Level: Email, Account Authentication (None)

Signature

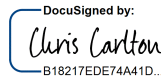
DocuSigned by:

 9E8B75DB3C664FC...
 Signature Adoption: Pre-selected Style
 Using IP Address: 216.87.72.100

Timestamp

Sent: 3/22/2023 5:59:57 PM
 Resent: 3/24/2023 4:56:01 PM
 Viewed: 3/24/2023 5:09:08 PM
 Signed: 3/24/2023 5:09:11 PM

Electronic Record and Signature Disclosure:
 Accepted: 3/13/2019 12:31:25 PM
 ID: 5fb4ed75-9b46-4253-8a63-f6b610d63593

Chris Carlton
 ccarlton@oakwoodhomesco.com
 Assistant Secretary
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 B18217EDE74A41D...
 Signature Adoption: Pre-selected Style
 Using IP Address: 174.51.151.26

Sent: 3/22/2023 5:59:58 PM
 Resent: 3/24/2023 4:56:02 PM
 Resent: 3/27/2023 9:53:08 AM
 Viewed: 3/27/2023 11:58:14 AM
 Signed: 3/27/2023 11:58:21 AM

Electronic Record and Signature Disclosure:
 Accepted: 2/29/2020 5:45:54 AM
 ID: 92f381dd-ae7a-4c12-bde9-8172b1cf8f93

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	3/22/2023 5:59:58 PM
Certified Delivered	Security Checked	3/27/2023 11:58:14 AM
Signing Complete	Security Checked	3/27/2023 11:58:21 AM
Completed	Security Checked	3/27/2023 11:58:21 AM

Payment Events	Status	Timestamps
-----------------------	---------------	-------------------

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, CliftonLarsonAllen LLP (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact CliftonLarsonAllen LLP:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: BusinessTechnology@CLAconnect.com

To advise CliftonLarsonAllen LLP of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at BusinessTechnology@CLAconnect.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from CliftonLarsonAllen LLP

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with CliftonLarsonAllen LLP

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify CliftonLarsonAllen LLP as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by CliftonLarsonAllen LLP during the course of your relationship with CliftonLarsonAllen LLP.

EXHIBIT B
2023 Budgets and 2023 Budget Resolutions

STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
2023 BUDGET RESOLUTION

The Board of Directors of the Erie Highlands Metropolitan District No. 1, Weld County, Colorado held a special meeting on Tuesday, December 13, 2022, at the hour of 3:30 P.M., via video conference at <https://us06web.zoom.us/j/82041038897?pwd=S2JEN1d6Q2g2Qk5KR1YxMkR6bXBEOQT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 820 4103 8897, Passcode: 254726.

The following members of the Board of Directors were present:

President: Joshua Kiel Malm
Treasurer: Jennifer Baum
Secretary: Sam Mayer
Assistant Secretary: Joel Smith
Assistant Secretary: Jason Edward Manley

Also present were: Jerry Jacobs and Brittany Barnett, Timberline District Consulting, LLC; Shelby Clymer and Alyssa Ferreira, CliftonLarsonAllen LLP; Emma Francis, MSI, LLC; Jennifer L. Ivey, Icenogle Seaver Pogue, P.C.; and approximately 6 members of the public.

Ms. Ivey reported that proper notice was made to allow the Board of Directors of the Erie Highlands Metropolitan District No. 1 to conduct a public hearing on the 2023 budget on November 2, 2022 and, prior to the meeting, each of the directors had been notified of the date, time and place of the meeting and the purpose for which it was called. It was further reported that this meeting is a special meeting of the Board of Directors of the District and that a notice of special meeting was posted at Tract H, Erie Highlands Filing No. 1 no less than twenty-four hours prior to the holding of the meeting, and to the best of her knowledge, remains posted to the date of this meeting.

Thereupon, Director Malm introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1, WELD 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 Erie Highlands Metropolitan District No. 1 (the "District") has authorized its treasurer and accountant to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget was submitted to the Board for its review and consideration on or before October 15, 2022; and

WHEREAS, the proposed budget is more than fifty thousand dollars (\$50,000.00), due and proper notice was published on Wednesday, October 19, 2022, in the *Colorado Hometown Weekly*, indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and (iv) if applicable, the amount of the District's increased property tax revenues resulting from a request to the Division of Local Government pursuant to Section 29-1-302(1), C.R.S.; and an original publisher's Affidavit of Publication is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the proposed budget was open for inspection by the public at the designated place; and

WHEREAS, a public hearing was held on Wednesday, November 2, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget and any such objections were considered by the Board; 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 Section 29-1-301, C.R.S., and 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; and

WHEREAS, pursuant to Section 29-1-113(1), C.R.S., the Board shall cause a certified copy of the budget, including the budget message and any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy, to be filed with the Division of Local Government within thirty (30) days following the beginning of the fiscal year of the budget adopted; and

WHEREAS, pursuant to Section 32-1-1201, C.R.S., the Board shall determine in each year the amount of money necessary to be raised by taxation, taking into consideration those items required by law, and shall certify the rate so fixed to the board of county commissioners of each county within the District or having a portion of its territory within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1, WELD COUNTY, COLORADO:

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 as Exhibit B and incorporated herein by this reference, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, and if amended, then as amended, and attached hereto as Exhibit B and is approved and adopted as the budget of the District for fiscal year 2023. In the event the final assessed valuation provided by the Weld County Assessor's Office differs from the assessed valuation used in the proposed budget, the District's accountant is hereby directed to modify and/or adjust the budget and mill levy certification as needed to reflect the final assessed valuation without the need for additional Board authorization.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Sam Mayer, Secretary of the District, and made a part of the public records of the District and a certified copy of the approved and adopted budget shall be filed with the Division of Local Government.

Section 5. 2023 Levy of General Property Taxes. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the General Fund for operating expenses is \$331,208 and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$14,509,480. 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 22.827 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 6. 2023 Levy of Debt Retirement Expenses. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$435,284 and that the 2022 valuation for

assessment, as certified by the Weld County Assessor, is \$14,509,480 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 30.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 7. 2023 Mill Levy Adjustment. The Board may adjust the mill levy, as specifically set forth in the District's Service Plan (the "Adjusted Mill Levy"). The Board hereby determines in good faith to establish the Adjusted Mill Levy as set forth in the mill levy certification attached hereto as Exhibit C pursuant to the authority granted by its Service Plan to ensure that the District's revenues shall be neither diminished nor enhanced as a result of the changes effecting the mill levy. Subject to adjustment and finalization by the District's accountant in accordance with Section 2 hereof, the Board further authorizes that the Adjusted Mill Levy be reflected in the District's Certification of Tax Levies to be submitted to the Board of County Commissioners of Weld County on or before December 15, 2022, for collection in 2023.

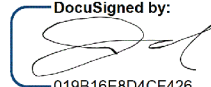
Section 8. Certification to County Commissioners. That the Board Secretary and/or District's accountant are hereby authorized and directed to immediately certify to the Board of County Commissioners of Weld County, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form attached hereto as Exhibit C and incorporated herein by this reference.

[The remainder of this page is intentionally left blank.]

The foregoing Resolution was seconded by Director Manley.

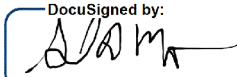
RESOLUTION APPROVED AND ADOPTED THIS 13TH DAY OF DECEMBER 2022.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1

DocuSigned by:

019B16E8D4CF426...

By: Joshua Kiel Malm
Its: President

ATTEST:

DocuSigned by:

07F84679361F4A3...

By: Sam Mayer
Its: Secretary

STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1

I, Sam Mayer, hereby certify that I am a director and the duly elected and qualified Secretary of the Erie Highlands Metropolitan District No. 1, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 1 held on December 13, 2022, via video conference at <https://us06web.zoom.us/j/82041038897?pwd=S2JEN1d6Q2g2Qk5KR1YxMkR6bXBEOQ09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 820 4103 8897, Passcode: 254726, as recorded in the official record of the proceedings of the District, and the special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 1 held on November 2, 2022, via video conference at <https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFyZ3dwMFJDQVdvckxGck5JZz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 875 2765 9048, Passcode: 042764 insofar as said proceedings relate to the public hearing for the budget for fiscal year 2023; and that said proceedings were duly had and taken; that the meetings were duly held; and that the persons were present at the meetings as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 13th day of December 2022.

DocuSigned by:

07F84679361F4A3...

Sam Mayer, Secretary

[SEAL]



EXHIBIT A

Affidavit
Notice as to Proposed 2023 Budget

NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1 for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 1 to be held at 3:00 P.M., on Wednesday, November 2, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFyZ3dwMFJkQVdvcjRkG0c5JzZ09> and via telephone conference at Dial-In: 1-719-359-4580. Meeting ID: 875 2765 9048. Passcode: 042764. Any interested elector within the Erie Highlands Metropolitan District No. 1 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1

By: /s/ ICENOGLIE | SEAVER | POGUE
A Professional Corporation

Published: Colorado Hometown Weekly October 19, 2022-1928554

Prairie Mountain Media, LLC

PUBLISHER'S AFFIDAVIT

County of Boulder
State of Colorado

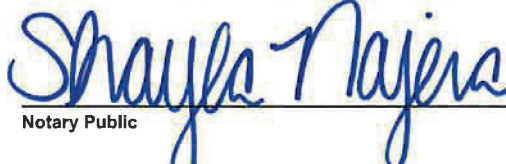
The undersigned, Aqent, being first duly sworn under oath, states and affirms as follows:

1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Colorado Hometown*.
2. The *Colorado Hometown* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in the *Colorado Hometown* in Boulder County on the following date(s):

Oct 19, 2022


Signature

Subscribed and sworn to me before me this
19th day of October, 2022.


Notary Public

(SEAL)

SHAYLA NAJERA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174031965
MY COMMISSION EXPIRES July 31, 2025

Account: 1051343
Ad Number: 1928554
Fee: \$26.97

**NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the **ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1** for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 1 to be held at 3:00 P.M., on Wednesday, November 2, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFyZ3dwMFJDQVdvckxGck5JZz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 875 2765 9048, Passcode: 042764. Any interested elector within the Erie Highlands Metropolitan District No. 1 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1

By: /s/ ICENOGLE | SEAVER | POGUE
A Professional Corporation

Publish In: *Colorado Hometown Weekly*
Publish On: Wednesday, October 19, 2022

EXHIBIT B

Budget Document
Budget Message

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2023

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 301,124	\$ 294,717	\$ 367,173
REVENUES			
Property taxes	697,784	825,594	766,492
Specific ownership taxes	35,120	46,826	45,989
Interest income	533	6,650	8,200
Other revenue	-	585	3,720
Total revenues	<u>733,437</u>	<u>879,655</u>	<u>824,401</u>
Total funds available	<u>1,034,561</u>	<u>1,174,372</u>	<u>1,191,574</u>
EXPENDITURES			
General Fund	291,051	347,000	355,000
Debt Service Fund	448,793	460,199	460,000
Total expenditures	<u>739,844</u>	<u>807,199</u>	<u>815,000</u>
Total expenditures and transfers out requiring appropriation	<u>739,844</u>	<u>807,199</u>	<u>815,000</u>
ENDING FUND BALANCES	<u>\$ 294,717</u>	<u>\$ 367,173</u>	<u>\$ 376,574</u>
SERIES 2020 RESERVE FUND	<u>\$ 278,100</u>	<u>\$ 278,100</u>	<u>\$ 278,100</u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/11/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

ASSESSED VALUATION

Residential - single family	\$ 12,077,540	\$ 14,446,680	\$ 14,116,180
Commercial	35,330	7,920	23,880
State assessed	233,700	242,380	287,120
Vacant land	119,950	1,330	1,330
Oil and gas	16,780	18,950	80,970
Certified Assessed Value	\$ 12,483,300	\$ 14,717,260	\$ 14,509,480

MILL LEVY

General	22.265	22.265	22.827
Debt Service	33.832	33.832	30.000
Total mill levy	56.097	56.097	52.827

PROPERTY TAXES

General	\$ 277,941	\$ 327,680	\$ 331,208
Debt Service	422,335	497,914	435,284
Levied property taxes	700,276	825,594	766,492
Adjustments to actual/rounding	(2,492)	-	-
Budgeted property taxes	\$ 697,784	\$ 825,594	\$ 766,492

BUDGETED PROPERTY TAXES

General	\$ 276,952	\$ 327,680	\$ 331,208
Debt Service	420,832	497,914	435,284
	\$ 697,784	\$ 825,594	\$ 766,492

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	276,952	327,680	331,208
Specific ownership taxes	13,939	18,585	19,872
Interest income	160	150	200
Other revenue	-	585	3,720
Total revenues	<u>291,051</u>	<u>347,000</u>	<u>355,000</u>
Total funds available	<u>291,051</u>	<u>347,000</u>	<u>355,000</u>
EXPENDITURES			
County Treasurer's fees	4,157	4,915	4,444
Transfers to District No. 4	286,894	341,500	346,312
Contingency	-	585	4,244
Total expenditures	<u>291,051</u>	<u>347,000</u>	<u>355,000</u>
Total expenditures and transfers out requiring appropriation	<u>291,051</u>	<u>347,000</u>	<u>355,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 301,124	\$ 294,717	\$ 367,173
REVENUES			
Property taxes	420,832	497,914	435,284
Specific ownership taxes	21,181	28,241	26,117
Interest income	373	6,500	8,000
Total revenues	<u>442,386</u>	<u>532,655</u>	<u>469,401</u>
Total funds available	<u>743,510</u>	<u>827,372</u>	<u>836,574</u>
EXPENDITURES			
Debt Service			
County Treasurer's fees	6,316	7,649	6,529
Paying agent fees	4,000	4,000	4,000
Bond interest	238,477	223,550	216,800
Bond principal	200,000	225,000	230,000
Contingency	-	-	2,671
Total expenditures	<u>448,793</u>	<u>460,199</u>	<u>460,000</u>
Total expenditures and transfers out requiring appropriation	<u>448,793</u>	<u>460,199</u>	<u>460,000</u>
ENDING FUND BALANCE	<u>\$ 294,717</u>	<u>\$ 367,173</u>	<u>\$ 376,574</u>
SERIES 2020 RESERVE FUND	<u>\$ 278,100</u>	<u>\$ 278,100</u>	<u>\$ 278,100</u>

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Weld County, Colorado on November 24, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan approved by the Town of Erie on September 24, 2013. The District's service area is located entirely within the Town of Erie, Weld County, Colorado.

The District was organized in conjunction with Erie Highlands Metropolitan District No. 2, Erie Highlands Metropolitan District No. 3, Erie Highlands Metropolitan District No. 4, and Erie Highlands Metropolitan District No. 5 (collectively, "the Districts"). The Districts were established to provide financing for the operations and maintenance and planning, design, acquisition, construction, and installation of public improvements, including mosquito elimination and control, fire protection, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, solid waste disposal, and covenant enforcement. District No. 4 pays all operating expenses for District Nos. 1, 2, 3, 4 and 5. District Nos. 1, 2, 3 and 5 levy ad valorem taxes on taxable properties within each District and transfer such proceeds to District No. 4.

On November 5, 2013, the District's voters authorized total indebtedness of \$60,000,000 for each of the following listed facilities; mosquito elimination and control, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, and operations and maintenance. Voters also authorized indebtedness of \$60,000,000 for encumbrances on District real and personal property, \$60,000,000 for management agreements, and \$60,000,000 for refunding of debt. Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy. The election also approved an annual increase in property taxes of \$2,000,000 as derived from a maximum mill levy of 20 mills as adjusted, to pay the District's operation and maintenance costs.

In the event the residential assessment ratio changes, on or after January 1st, 2014, the District may increase or decrease the mill levies, (as authorized under the District's Service Plan) so that to the extent possible, the actual tax revenues generated by the mill levies, as adjusted, are neither diminished nor enhanced as a result of such changes. For tax collection year 2023, the maximum mill levies for operations and debt service are 22.827 mills and 57.069 mills, respectively.

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.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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 6% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2%.

Expenditures

County Treasurer's Fees

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

Debt Service

Principal and interest payments in 2023 are provided based on the debt amortization schedule from the Senior Bonds (discussed under Debt and Leases).

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The District issued General Obligation Limited Tax Refunding Bonds, Series 2020 on November 17, 2020, in the par amount of \$8,930,000 (the Bonds).

Proceeds from the sale of the Bonds were used to (a) refund the outstanding Series 2015 Bonds, (b) purchase a municipal bond insurance policy for the Bonds, (c) purchase a Reserve Policy and fund a portion of the Reserve Fund, and (d) pay the costs of issuing the Bonds and refunding the Series 2015 Bonds.

The Bonds bear interest at rates ranging from 2.0% to 3.0%, payable semi-annually to the extent of Pledged Revenue available on June 1 and December 1, beginning on June 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Bonds mature on December 1, 2045. All of the Bonds and interest thereon will be deemed to be paid, satisfied, and discharged on December 2, 2055 (the Termination Date), regardless of the amount of principal and interest paid on the Bonds prior to the Termination Date.

To the extent interest on the Bonds is not paid when due, such unpaid interest will compound semiannually on each June 1 and December 1, at the interest rate borne by the Bonds.

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2030, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, generally consisting of:

- (a) the Required Mill Levy;
- (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and
- (c) any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal and interest on the Bonds as they become due and, if necessary, to replenish the Reserve Fund to the amount of the Required Reserve, but not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation on or after January 1, 2014). The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. The current maximum mill levy, as adjusted, is 57.078.

The Bonds are further secured by the Reserve Fund in the Required Reserve Amount of \$278,100. The Reserve Fund is to be maintained in the amount of the Required Reserve for so long as the Bonds are outstanding.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 4, which pays for all Districts' operations and maintenance costs, an Emergency Reserve is not reflected in the District's 2023 Budget.

This information is an integral part of the accompanying budget.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	\$8,930,000 General Obligation Limited Tax Refunding Bonds Dated November 17, 2020 Series 2020 Interest Rate of 2.00-3.00% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2023	\$ 230,000	\$ 216,800	\$ 446,800
2024	245,000	209,900	454,900
2025	250,000	202,550	452,550
2026	265,000	197,550	462,550
2027	275,000	192,250	467,250
2028	285,000	184,000	469,000
2029	295,000	175,450	470,450
2030	320,000	166,600	486,600
2031	325,000	157,000	482,000
2032	345,000	150,500	495,500
2033	345,000	143,600	488,600
2034	370,000	136,700	506,700
2035	375,000	129,300	504,300
2036	390,000	121,800	511,800
2037	400,000	113,025	513,025
2038	415,000	104,025	519,025
2039	430,000	94,688	524,688
2040	445,000	85,013	530,013
2041	455,000	75,000	530,000
2042	485,000	61,350	546,350
2043	500,000	46,800	546,800
2044	520,000	31,800	551,800
2045	540,000	16,200	556,200
	\$ 8,505,000	\$ 3,011,901	\$ 11,516,901

EXHIBIT C

Certification of Tax Levy

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of WELD COUNTY, Colorado.

On behalf of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1,
 (taxing entity)^A

the BOARD OF DIRECTORS
 (governing body)^B

of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
 (local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 14,509,480 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: \$ 14,509,480 (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: 12/13/2022 for budget/fiscal year 2023.
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY²	REVENUE²
1. General Operating Expenses ^H	<u>22.827</u> mills	<u>\$ 331,208</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	<u>22.827</u> mills	<u>\$ 331,208</u>
3. General Obligation Bonds and Interest ^J	<u>30.000</u> mills	<u>\$ 435,284</u>
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]	<u>52.827</u> mills	<u>\$ 766,492</u>

Contact person: (print) Shelby Clymer Daytime phone: (303) 779-5710
 Signed:  Title: Accountant for the District

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:**

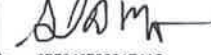
- | | | |
|----|-------------------|---|
| 1. | Purpose of Issue: | <u>Public infrastructure improvements</u> |
| | Series: | <u>General Obligation Limited Tax Refunding Bonds Series 2020</u> |
| | Date of Issue: | <u>November 17, 2020</u> |
| | Coupon Rate: | <u>2.00-3.00%</u> |
| | Maturity Date: | <u>December 1, 2045</u> |
| | Levy: | <u>30.000</u> |
| | Revenue: | <u>\$435,284</u> |
| | | |
| 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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Erie Highlands Metropolitan District No. 1 of Weld County, Colorado on this 13th day of December 2022.

DocuSigned by:

07F84679361F4A3...

Sam Mayer, Secretary

SEAL



STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET RESOLUTION

The Board of Directors of the Erie Highlands Metropolitan District No. 2, Weld County, Colorado held a special meeting on Tuesday, December 13, 2022, at the hour of 11:00 A.M., via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVlNQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752.

The following members of the Board of Directors were present:

President: Brandon Wyszynski
Secretary/Treasurer: Chris Carlton

Also present were: Jerry Jacobs and Brittany Barnett, Timberline District Consulting, LLC; Shelby Clymer and Alyssa Ferreira, CliftonLarsonAllen LLP; Emma Francis, MSI, LLC; Jennifer L. Ivey, Icenogle Seaver Pogue, P.C.; the following members of the Boards of Directors of Erie Highlands Metropolitan District No. 1: Jason Manley, Jennifer Baum, and Josh Malm; and approximately 22 members of the public.

Ms. Ivey reported that proper notice was made to allow the Board of Directors of the Erie Highlands Metropolitan District No. 2 to conduct a public hearing on the 2023 budget on November 2, 2022 and, prior to the meeting, each of the directors had been notified of the date, time and place of the meeting and the purpose for which it was called. It was further reported that this meeting is a special meeting of the Board of Directors of the District and that a notice of special meeting was posted at Tract H, Erie Highlands Filing No. 1 no less than twenty-four hours prior to the holding of the meeting, and to the best of her knowledge, remains posted to the date of this meeting.

Thereupon, Director Wyszynski introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2, WELD 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 Erie Highlands Metropolitan District No. 2 (the "District") has authorized its treasurer and accountant to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget was submitted to the Board for its review and consideration on or before October 15, 2022; and

WHEREAS, the proposed budget is more than fifty thousand dollars (\$50,000.00), due and proper notice was published on Wednesday, October 19, 2022, in the *Colorado Hometown Weekly*, indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and (iv) if applicable, the amount of the District's increased property tax revenues resulting from a request to the Division of Local Government pursuant to Section 29-1-302(1), C.R.S.; and an original publisher's Affidavit of Publication is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the proposed budget was open for inspection by the public at the designated place; and

WHEREAS, a public hearing was held on Wednesday, November 2, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget and any such objections were considered by the Board; 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 Section 29-1-301, C.R.S., and 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; and

WHEREAS, pursuant to Section 29-1-113(1), C.R.S., the Board shall cause a certified copy of the budget, including the budget message and any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy, to be filed with the Division of Local Government within thirty (30) days following the beginning of the fiscal year of the budget adopted; and

WHEREAS, pursuant to Section 32-1-1201, C.R.S., the Board shall determine in each year the amount of money necessary to be raised by taxation, taking into consideration those items required by law, and shall certify the rate so fixed to the board of county commissioners of each county within the District or having a portion of its territory within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2, WELD COUNTY, COLORADO:

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 as Exhibit B and incorporated herein by this reference, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, and if amended, then as amended, and attached hereto as Exhibit B and is approved and adopted as the budget of the District for fiscal year 2023. In the event the final assessed valuation provided by the Weld County Assessor's Office differs from the assessed valuation used in the proposed budget, the District's accountant is hereby directed to modify and/or adjust the budget and mill levy certification as needed to reflect the final assessed valuation without the need for additional Board authorization.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Chris Carlton, Assistant Secretary of the District, and made a part of the public records of the District and a certified copy of the approved and adopted budget shall be filed with the Division of Local Government.

Section 5. 2023 Levy of General Property Taxes. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the General Fund for operating expenses is \$191,667 and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$8,564,600. 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 22.379 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 6. 2023 Levy of Debt Retirement Expenses. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget

for the Debt Service Fund for debt retirement expense is \$479,181 and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$8,564,600. 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 55.949 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 7. 2023 Mill Levy Adjustment. The Board may adjust the mill levy, as specifically set forth in the District's Service Plan (the "Adjusted Mill Levy"). The Board hereby determines in good faith to establish the Adjusted Mill Levy as set forth in the mill levy certification attached hereto as Exhibit C pursuant to the authority granted by its Service Plan to ensure that the District's revenues shall be neither diminished nor enhanced as a result of the changes effecting the mill levy. Subject to adjustment and finalization by the District's accountant in accordance with Section 2 hereof, the Board further authorizes that the Adjusted Mill Levy be reflected in the District's Certification of Tax Levies to be submitted to the Board of County Commissioners of Weld County on or before December 15, 2022, for collection in 2023.

Section 8. Certification to County Commissioners. That the Board Secretary and/or District's accountant are hereby authorized and directed to immediately certify to the Board of County Commissioners of Weld County, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form attached hereto as Exhibit C and incorporated herein by this reference.

[The remainder of this page is intentionally left blank.]

The foregoing Resolution was seconded by Director Carlton.

RESOLUTION APPROVED AND ADOPTED THIS 13TH DAY OF DECEMBER 2022.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2

DocuSigned by:
Brandon Wyszynski
9E8B75DB3C664FC...

By: Brandon Wyszynski
Its: President

ATTEST:

DocuSigned by:
Chris Carlton
B18217EDE74A41D...

By: Chris Carlton
Its: Secretary/ Treasurer

STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2

I, Chris Carlton, hereby certify that I am a director and the duly elected and qualified Secretary and Treasurer of the Erie Highlands Metropolitan District No. 4, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 2 held on December 13, 2022, via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVNQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752, as recorded in the official record of the proceedings of the District, and the special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 2 held on November 2, 2022, via video conference at https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFyZ3dw_MFJDQVdvckxGck5JZz09 and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 875 2765 9048, Passcode: 042764 insofar as said proceedings relate to the public hearing for the budget for fiscal year 2023; that said proceedings were duly had and taken; that the meetings were duly held; and that the persons were present at the meetings as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 13th day of December 2022.

DocuSigned by:
Chris Carlton
D1821FEDEFAA10

Chris Carlton, Secretary/Treasurer

[SEAL]



EXHIBIT A

Affidavit
Notice as to Proposed 2023 Budget

**NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2 for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 2 to be held at 3:00 P.M., on Wednesday, November 2, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFyZ3dwMFJkQVdvckxGck5JZz09> and via telephone conference at Dial-in: 1-719-359-4580, Meeting ID: 875 2765 9048, Passcode: 042764. Any interested elector within the Erie Highlands Metropolitan District No. 2 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2

By: /s/ ICENOGLIE | SEAVER | POGUE
A Professional Corporation

Published: Colorado Hometown Weekly October 19, 2022-1928557

Prairie Mountain Media, LLC

PUBLISHER'S AFFIDAVIT

**County of Boulder
State of Colorado**

The undersigned, Agent, being first duly sworn under oath, states and affirms as follows:

1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Colorado Hometown*.
2. The *Colorado Hometown* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in the *Colorado Hometown* in Boulder County on the following date(s):

Oct 19, 2022


Signature

Subscribed and sworn to me before me this
19th day of October, 2022.


Notary Public

(SEAL)

**SHAYLA NAJERA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174031965
MY COMMISSION EXPIRES July 31, 2025**

Account: 1051343
Ad Number: 1928557
Fee: \$28.13

**NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the **ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2** for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 2 to be held at 3:00 P.M., on Wednesday, November 2, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFyZ3dwMFJDQVdvckxGck5JZz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 875 2765 9048, Passcode: 042764. Any interested elector within the Erie Highlands Metropolitan District No. 2 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2

By: /s/ ICENOGLE | SEAVER | POGUE
A Professional Corporation

Publish In: *Colorado Hometown Weekly*
Publish On: Wednesday, October 19, 2022

EXHIBIT B

Budget Document
Budget Message

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,436,414	\$ 1,241,895	\$ 1,210,652
REVENUES			
Property taxes	415,228	527,251	670,848
Specific ownership taxes	20,872	29,904	40,251
Interest income	510	20,040	23,040
System development fees	121,500	180,000	105,000
Other revenue	-	3,774	3,793
Total revenues	<u>558,110</u>	<u>760,969</u>	<u>842,932</u>
Total funds available	<u>1,994,524</u>	<u>2,002,864</u>	<u>2,053,584</u>
EXPENDITURES			
General Fund	124,617	163,000	207,000
Debt Service Fund	628,012	629,212	660,000
Total expenditures	<u>752,629</u>	<u>792,212</u>	<u>867,000</u>
Total expenditures and transfers out requiring appropriation	<u>752,629</u>	<u>792,212</u>	<u>867,000</u>
ENDING FUND BALANCES	<u>\$ 1,241,895</u>	<u>\$ 1,210,652</u>	<u>\$ 1,186,584</u>
DEBT RESERVE FUND	\$ 948,238	\$ 948,238	\$ 948,238
SURPLUS FUND	293,657	262,414	238,346
TOTAL RESERVE	<u>\$ 1,241,895</u>	<u>\$ 1,210,652</u>	<u>\$ 1,186,584</u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/11/23

ACTUAL	BUDGET	BUDGET
2021	2022	2023

ASSESSED VALUATION

Residential - single family	\$ 4,827,050	\$ 5,532,070	\$ 7,012,420
Commercial	220	30,630	500
State assessed	86,230	76,410	142,410
Vacant land	397,440	1,108,860	1,391,800
Oil and gas	23,930	17,900	17,470
Certified Assessed Value	\$ 5,334,870	\$ 6,765,870	\$ 8,564,600

MILL LEVY

General	22.265	22.265	22.379
Debt Service	55.663	55.663	55.949
Total mill levy	77.928	77.928	78.328

PROPERTY TAXES

General	\$ 118,781	\$ 150,642	\$ 191,667
Debt Service	296,955	376,609	479,181
Levied property taxes	415,736	527,251	670,848
Adjustments to actual/rounding	(508)	-	-
Budgeted property taxes	\$ 415,228	\$ 527,251	\$ 670,848

BUDGETED PROPERTY TAXES

General	\$ 118,636	\$ 150,642	\$ 191,667
Debt Service	296,592	376,609	479,181
	\$ 415,228	\$ 527,251	\$ 670,848

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	118,636	150,642	191,667
Specific ownership taxes	5,963	8,544	11,500
Interest income	18	40	40
Other revenue	-	3,774	3,793
Total revenues	124,617	163,000	207,000
Total funds available	124,617	163,000	207,000
EXPENDITURES			
County Treasurer's fees	1,780	2,260	2,875
Contingency	-	3,774	3,793
Transfers to District No. 4	122,837	156,966	200,332
Total expenditures	124,617	163,000	207,000
Total expenditures and transfers out requiring appropriation	124,617	163,000	207,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 1,436,414	\$ 1,241,895	\$ 1,210,652
REVENUES			
Property taxes	296,592	376,609	479,181
Specific ownership taxes	14,909	21,360	28,751
Interest income	492	20,000	23,000
System development fees	121,500	180,000	105,000
Total revenues	433,493	597,969	635,932
Total funds available	1,869,907	1,839,864	1,846,584
EXPENDITURES			
Debt Service			
Bond interest	615,563	615,563	615,563
Bond principal	-	-	25,000
Contingency	-	-	4,249
County Treasurer's fees	4,449	5,649	7,188
Paying agent fees	8,000	8,000	8,000
Total expenditures	628,012	629,212	660,000
Total expenditures and transfers out requiring appropriation	628,012	629,212	660,000
ENDING FUND BALANCE	\$ 1,241,895	\$ 1,210,652	\$ 1,186,584
DEBT RESERVE FUND	\$ 948,238	\$ 948,238	\$ 948,238
SURPLUS FUND	293,657	262,414	238,346
TOTAL RESERVE	\$ 1,241,895	\$ 1,210,652	\$ 1,186,584

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Weld County, Colorado on November 24, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan approved by the Town of Erie on September 24, 2013. The District's service area is located entirely within the Town of Erie, Weld County, Colorado.

The District was organized in conjunction with Erie Highlands Metropolitan District No. 1, Erie Highlands Metropolitan District No. 3, Erie Highlands Metropolitan District No. 4, and Erie Highlands Metropolitan District No. 5 (collectively, "the Districts"). The Districts were established to provide financing for the operations and maintenance and planning, design, acquisition, construction, and installation of public improvements, including mosquito elimination and control, fire protection, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, solid waste disposal, and covenant enforcement. District No. 4 pays all operating expenses for District Nos. 1, 2, 3, 4 and 5. District Nos. 1, 2, 3 and 5 levy ad valorem taxes on taxable properties within each District and transfer such proceeds to District No. 4.

On November 5, 2013, the District's voters authorized total indebtedness of \$60,000,000 for each of the following listed facilities; mosquito elimination and control, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, and operations and maintenance. Voters also authorized indebtedness of \$60,000,000 for encumbrances on District real and personal property, \$60,000,000 for management agreements, and \$60,000,000 for refunding of debt. Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy. The election also approved an annual increase in property taxes of \$2,000,000 as derived from a maximum mill levy of 20 mills as adjusted, to pay the District's operation and maintenance costs.

In the event the residential assessment ratio changes, on or after January 1st, 2014, the District may increase or decrease the mill levies, (as authorized under the District's Service Plan) so that to the extent possible, the actual tax revenues generated by the mill levies, as adjusted, are neither diminished nor enhanced as a result of such changes. For tax collection year 2023, the maximum mill levy for operations is 22.379 mills.

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.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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 6% of the property taxes collected.

Facilities Fees

The District imposes a Facilities Fee of \$1,500 on each single-family residential unit. The fees are payable by homebuilders at the time of issuance of building permits. Revenue from the fees is pledged to the payment of the Series 2018 Bonds.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 2%.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense but are to be incurred and paid by District No. 4.

County Treasurer's Fees

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

Debt Service

Interest payments are estimated for the Series 2018 Bonds (discussed under Debt and Leases).

Debt and Leases

Bond Details

The District issued Bonds on September 28, 2018 in the amounts of \$11,725,000 for the 2018A Senior Bonds, \$1,819,000 for the 2018B Subordinate Bonds and \$3,600,000 for the 2018C Junior Lien Bonds.

Proceeds of the 2018A Senior Bonds will be used to: (i) finance public improvements; (ii) pay capitalized interest on the 2018A Senior Bonds; (iii) fund the Senior Reserve Fund; and (iv) pay other costs in connection with the issuance of the 2018A Senior Bonds. Proceeds of the 2018B Subordinate Bonds and the 2018C Junior Lien Bonds were used to finance additional public improvements.

The 2018A Senior Bonds bear interest at 5.25%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Bonds mature on December 1, 2048. To the extent the 2018A Senior Bonds are not paid when due, the unpaid principal will continue to bear interest and the unpaid interest will compound semi-annually on each June 1 and December 1 until the total repayment obligation of the District for the 2018A Senior Bonds equals the amount permitted by law. Any amounts due and owing on the 2018A Senior Bonds remaining outstanding on December 1, 2058, shall be deemed discharged and shall no longer be due and outstanding.

The 2018B Subordinate Bonds bear interest at 7.625% and mature on December 15, 2048. The 2018B Subordinate Bonds constitute subordinate "cash flow" bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Subordinate Pledged Revenue is available for payment. Principal and interest payments are due on the 2018B Subordinate Bonds on each December 15 only to the extent Subordinate Pledged Revenue is available therefor.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

In the event that the Subordinate Pledged Revenue is insufficient to pay the 2018B Subordinate Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually until the total repayment obligation of the District for the 2018B Subordinate Bonds equals the amount permitted by law. Any amounts due and owing on the 2018B Subordinate Bonds remaining outstanding on December 15, 2058, shall be deemed discharged and shall no longer be due and outstanding.

The 2018C Junior Lien Bonds bear interest at 8% through December 14, 2023 and 6% thereafter. The 2018C Junior Lien Bonds mature on December 15, 2052. The 2018C Junior Lien Bonds constitute junior lien “cash flow” bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Junior Lien Pledged Revenue is available for payment. Principal and interest payments are due on the 2018C Junior Lien Bonds on each December 15 only to the extent Junior Lien Pledged Revenue is available therefor. In no event will any amounts be paid on the 2018C Junior Lien Bonds until such time as there has been paid in full or decreased the 2018B Subordinate Bonds, and, to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations issued by the District.

In the event that the Junior Lien Pledged Revenue is insufficient to pay the 2018C Junior Lien Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually until the total repayment obligation of the District for the 2018C Junior Lien Bonds equals the amount permitted by law. In the event any amounts due and owing on the 2018C Junior Lien Bonds remain outstanding on December 15, 2058, such amounts shall be deemed discharged and shall no longer be due and outstanding.

Optional Redemption

The 2018A Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026, and thereafter	0.00

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The 2018B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023, to December 14, 2024	3.00%
December 15, 2024, to December 14, 2025	2.00
December 15, 2025, to December 14, 2026	1.00
December 15, 2026, and thereafter	0.00

The 2018C Junior Lien Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023, to December 14, 2024	3.00%
December 15, 2024, to December 14, 2025	2.00
December 15, 2025, to December 14, 2026	1.00
December 15, 2026, and thereafter	0.00

Pledged Revenue

The 2018A Senior Bonds are payable solely from and to the extent of the Senior Pledged Revenue, defined generally in the 2018A Senior Indenture as the following, net of any costs of collection: (i) all Senior Property Tax Revenues; (ii) all Senior Specific Ownership Tax Revenues; (iii) all Capital Fees; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. The 2018A Senior Bonds are additionally secured by the Senior Reserve Fund, which will initially be funded with proceeds of the 2018A Senior Bonds in the amount of the Reserve Requirement, capitalized interest which will be funded with proceeds of the 2018A Senior Bonds and by amounts in the Senior Surplus Fund, if any. The Senior Surplus Fund will not be funded as of the date of issuance of the 2018A Senior Bonds.

The 2018B Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue defined generally in the 2018B Subordinate Indenture as the following, net of any costs of collection: (i) all Subordinate Property Tax Revenues; (ii) all Subordinate Specific Ownership Tax Revenues; (iii) all Subordinate Capital Fee Revenue; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

The 2018C Junior Lien Bonds are payable solely from and to the extent of the Junior Lien Pledged Revenue, which is defined generally in the 2018C Junior Lien Indenture as the following, net costs of collection: (i) all Junior Lien Property Tax Revenues; (ii) all Junior Lien Specific Ownership Tax Revenues; (iii) all Junior Lien Capital Fee Revenue; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

Property Tax Revenues

“Senior Property Tax Revenues” are generally defined as all moneys derived from imposition by the District of the Senior Required Mill Levy, but excluding Senior Specific Ownership Tax Revenues. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

“Subordinate Property Tax Revenues” are defined as all moneys derived from imposition by the District of the Subordinate Required Mill Levy, but excluding Subordinate Specific Ownership Tax Revenues. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

“Junior Lien Property Tax Revenues” are defined as all moneys derived from imposition by the District of the Junior Lien Required Mill Levy, but excluding Junior Lien Specific Ownership Tax Revenues. Junior Lien Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

Required Mill Levy

Pursuant to the 2018A Senior Indenture, the District has imposed a Senior Required Mill Levy on all taxable property of the District each year to pay the principal of and interest on the 2018A Senior Bonds, replenish the Reserve Fund to the Reserve Requirement and, for so long as it is in existence, fund the Surplus Fund to the Maximum Surplus Amount in an amount equal to: (i) 50 mills (subject to adjustment described below) or (ii) such lesser amount that will generate Property Tax Revenues which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund, and the Reserve Fund will pay the Bonds in full. In no event is the District to be required to impose the Senior Required Mill Levy after December 2057 (for collection in calendar year 2058).

In the event that the method of calculating assessed valuation is changed after January 1, 2014, the minimum and maximum mill levy of 50 mills will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The 2018B Subordinate Indenture requires the District to impose the Subordinate Required Mill Levy, which is generally defined as an ad valorem mill levy equal to 50 mills less the Senior Obligation Mill Levy (the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations), subject to adjustment.

The Junior Lien Required Mill Levy is generally defined in the 2018C Junior Lien Indenture as an ad valorem mill levy equal to 50 mills less the sum of the Senior Required Mill Levy required to be imposed by the District in accordance with the 2018A Senior Indenture, the Subordinate Required Mill Levy required to be imposed by the District in accordance with the 2018B Subordinate Indenture and any other ad valorem property tax levy required to be imposed by the District for the payment of other Senior/Subordinate Obligations, subject to adjustment. The maximum mill levy for the repayment of debt shall not apply to the District's ability to increase its mill levy as necessary for the provision of operation and maintenance services to their taxpayers. The Consolidated Service Plan allows for the imposition of a maximum of 20 mills, as adjusted, for operations and maintenance.

Specific Ownership Tax Revenues

"Senior Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Senior Required Mill Levy.

"Subordinate Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Subordinate Required Mill Levy.

"Junior Lien Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Junior Lien Required Mill Levy.

Capital Fee Revenues

Capital Fees pledged to the payment of the 2018A Senior Bonds include Facilities Fees. The Facilities Fee is imposed in the amount of \$1,500 per single family detached unit, 1,000 per single family attached unit, and \$1.00 per square foot of any commercial property within the District. The Facilities Fee is due and payable to the District upon issuance of a building permit for construction of structures on property within the District.

"Subordinate Capital Fee Revenue" means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations.

"Junior Lien Capital Fee Revenue" means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior/Subordinate Obligations.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Senior Reserve Fund

Moneys in the Senior Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the 2018A Senior Bonds to the extent the moneys in the Senior Bond Fund are insufficient for such purpose.

If a withdrawal from the Senior Reserve Fund is made that reduces the balance in such fund below the Reserve Requirement of \$948,238, the District shall include in the computation of its next mill levy certification the amount necessary to replenish the Senior Reserve Fund to the Reserve Requirement.

Amounts on deposit in the Senior Reserve Fund on the maturity date of the 2018A Senior Bonds shall be applied to the payment of the 2018A Senior Bonds on such date. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in December 2047 for collection in calendar year 2048.

Senior Surplus Fund

Senior Pledged Revenue that is not needed to pay debt service on the 2018A Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$1,172,500.

It is intended that amounts in the Senior Surplus Fund are to be transferred to the Senior Bond Fund prior to any transfer from the Senior Reserve Fund or the Senior Project Fund, for so long as such account remains in existence. Amounts on deposit in the Senior Surplus Fund (if any) on the maturity date of the 2018A Senior Bonds shall be applied to the payment of the 2018A Senior Bonds maturing on such date.

The District has no operating or capital leases.

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 4, which pays for all Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's 2023 Budget.

This information is an integral part of the accompanying budget.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
LONG TERM DEBT**

Bonds and Interest Maturing in the Year Ending December 31,	\$11,725,000 Limited Tax General Obligation Bonds Series 2018A Interest 5.25% Dated September 28, 2018 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2023	\$ 25,000	\$ 615,563	\$ 640,563
2024	135,000	614,250	749,250
2025	155,000	607,163	762,163
2026	175,000	599,025	774,025
2027	185,000	589,838	774,838
2028	210,000	580,125	790,125
2029	220,000	569,100	789,100
2030	250,000	557,550	807,550
2031	260,000	544,425	804,425
2032	290,000	530,775	820,775
2033	310,000	515,550	825,550
2034	340,000	499,275	839,275
2035	360,000	481,425	841,425
2036	395,000	462,525	857,525
2037	415,000	441,788	856,788
2038	455,000	420,000	875,000
2039	480,000	396,113	876,113
2040	520,000	370,913	890,913
2041	545,000	343,613	888,613
2042	595,000	315,000	910,000
2043	625,000	283,763	908,763
2044	675,000	250,950	925,950
2045	710,000	215,513	925,513
2046	770,000	178,238	948,238
2047	810,000	137,813	947,813
2048	1,815,000	95,288	1,910,288
	\$ 11,725,000	\$ 11,215,581	\$ 22,940,581

No assurance provided. See summary of significant assumptions.

EXHIBIT C

Certification of Tax Levy

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of WELD COUNTY, Colorado.

On behalf of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2,
 (taxing entity)^A

the BOARD OF DIRECTORS
 (governing body)^B

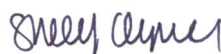
of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
 (local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 8,564,600 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: \$ 8,564,600 (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: 12/13/2022 for budget/fiscal year 2023.
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

<u>PURPOSE</u> (see end notes for definitions and examples)	<u>LEVY</u> ²	<u>REVENUE</u> ²
1. General Operating Expenses ^H	<u>22.379</u> mills	<u>\$ 191,667</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	22.379 mills	\$ 191,667
3. General Obligation Bonds and Interest ^J	<u>55.949</u> mills	<u>\$ 479,181</u>
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]	78.328 mills	\$ 670,848

Contact person: (print) Shelby Clymer Daytime phone: (303) 779-5710
 Signed:  Title: Accountant for the District

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:	Public Infrastructure Improvements
	Series:	Limited Tax General Obligation Bonds, Series 2018A
	Date of Issue:	September 28, 2018
	Coupon Rate:	5.25%
	Maturity Date:	December 1, 2048
	Levy:	55.949
	Revenue:	\$479,181
2.	Purpose of Issue:	Public Infrastructure Improvements
	Series:	Subordinate Limited Tax General Obligation Bonds, Series 2018B
	Date of Issue:	September 28, 2018
	Coupon Rate:	7.625%
	Maturity Date:	December 15, 2048
	Levy:	0.000
	Revenue:	\$0
3.	Purpose of Issue:	Public Infrastructure Improvements
	Series:	Junior Lien Limited Tax General Obligation Bonds, Series 2018C
	Date of Issue:	September 28, 2018
	Coupon Rate:	6.00% - 8.00%
	Maturity Date:	December 15, 2052
	Levy:	0.000
	Revenue:	\$0

CONTRACTS^K:

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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Erie Highlands Metropolitan District No. 2 of Weld County, Colorado on this 13th day of December 2022.

DocuSigned by:
Chris Carlton
B18217E0E76A41D

Chris Carlton, Secretary/Treasurer

SEAL



STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3
2023 BUDGET RESOLUTION

The Board of Directors of the Erie Highlands Metropolitan District No. 3, Weld County, Colorado held a special meeting on Tuesday, December 13, 2022, at the hour of 11:00 A.M., via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVNQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752.

The following members of the Board of Directors were present:

President: Brandon Wyszynski
Secretary/Treasurer: Chris Carlton
Assistant Secretary: Aric M. Jones

Also present were: Jerry Jacobs and Brittany Barnett, Timberline District Consulting, LLC; Shelby Clymer and Alyssa Ferreira, CliftonLarsonAllen LLP; Emma Francis, MSI, LLC; Jennifer L. Ivey, Icenogle Seaver Pogue, P.C.; the following members of the Boards of Directors of Erie Highlands Metropolitan District No. 1: Jason Manley, Jennifer Baum, and Josh Malm; and approximately 22 members of the public.

Ms. Ivey reported that proper notice was made to allow the Board of Directors of the Erie Highlands Metropolitan District No. 3 to conduct a public hearing on the 2023 budget and, prior to the meeting, each of the directors had been notified of the date, time and place of this meeting and the purpose for which it was called. It was further reported that this meeting is a special meeting of the Board of Directors of the District and that a notice of special meeting was posted at Tract H, Erie Highlands Filing No. 1 no less than twenty-four hours prior to the holding of the meeting, and to the best of her knowledge, remains posted to the date of this meeting.

Thereupon, Director Wyszynski introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3, WELD 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 Erie Highlands Metropolitan District No. 3 (the “District”) has authorized its treasurer and accountant to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget was submitted to the Board for its review and consideration on or before October 15, 2022; and

WHEREAS, the proposed budget is less than fifty thousand dollars (\$50,000.00), due and proper notice was made by posting in three public places within the District’s boundaries a notice indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and (iv) if applicable, the amount of the District’s increased property tax revenues resulting from a request to the Division pursuant to Section 29-1-302(1), C.R.S.; and the Affidavit of Posting evidencing the same is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the proposed budget was open for inspection by the public at the designated place; and

WHEREAS, a public hearing was held on Tuesday, December 13, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget and any such objections were considered by the Board; 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 Section 29-1-301, C.R.S., and 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; and

WHEREAS, pursuant to Section 29-1-113(1), C.R.S., the Board shall cause a certified copy of the budget, including the budget message and any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy, to be filed with the Division of Local Government within thirty (30) days following the beginning of the fiscal year of the budget adopted; and

WHEREAS, pursuant to Section 32-1-1201, C.R.S., the Board shall determine in each year the amount of money necessary to be raised by taxation, taking into consideration those items required by law, and shall certify the rate so fixed to the board of county commissioners of each county within the District or having a portion of its territory within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3, WELD COUNTY, COLORADO:

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 as Exhibit B and incorporated herein by this reference, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, and if amended, then as amended, and attached hereto as Exhibit B and is approved and adopted as the budget of the District for fiscal year 2023. In the event the final assessed valuation provided by the Weld County Assessor's Office differs from the assessed valuation used in the proposed budget, the District's accountant is hereby directed to modify and/or adjust the budget and mill levy certification as needed to reflect the final assessed valuation without the need for additional Board authorization.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Chris Carlton, Assistant Secretary of the District, and made a part of the public records of the District and a certified copy of the approved and adopted budget shall be filed with the Division of Local Government.

Section 5. 2023 Levy of General Property Taxes. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the General Fund for operating expenses is \$26,391 and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$1,319,540. 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 20.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 6. 2023 Levy of Debt Retirement Expenses. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$-0- and that the 2022 valuation for

assessment, as certified by the Weld County Assessor, is \$1,319,540. 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 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 7. 2023 Mill Levy Adjustment. The Board may adjust the mill levy, as specifically set forth in the District's Service Plan (the "Adjusted Mill Levy"). The Board hereby determines in good faith to establish the Adjusted Mill Levy as set forth in the mill levy certification attached hereto as Exhibit C pursuant to the authority granted by its Service Plan to ensure that the District's revenues shall be neither diminished nor enhanced as a result of the changes effecting the mill levy. Subject to adjustment and finalization by the District's accountant in accordance with Section 2 hereof, the Board further authorizes that the Adjusted Mill Levy be reflected in the District's Certification of Tax Levies to be submitted to the Board of County Commissioners of Weld County on or before December 15, 2022, for collection in 2023.

Section 8. Certification to County Commissioners. That the Board Secretary and/or District's accountant are hereby authorized and directed to immediately certify to the Board of County Commissioners of Weld County, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form attached hereto as Exhibit C and incorporated herein by this reference.

[The remainder of this page is intentionally left blank.]

The foregoing Resolution was seconded by Director Carlton.

RESOLUTION APPROVED AND ADOPTED THIS 13TH DAY OF DECEMBER 2022.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3

DocuSigned by:
Brandon Wyszynski
9E8B75DB3C684FC...

By: Brandon Wyszynski
Its: President

ATTEST:

DocuSigned by:
Chris Carlton
B18217EDE74A41D...

By: Chris Carlton
Its: Secretary/Treasurer

STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3

I, Chris Carlton, hereby certify that I am a director and the duly elected and qualified Secretary and Treasurer of the Erie Highlands Metropolitan District No. 3, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 3 held on December 13, 2022, via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVNQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752, 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 and affixed the official seal of the District this 13th day of December 2022.

DocuSigned by:
Chris Carlton
81821FE0E74A41D

Chris Carlton, Secretary/Treasurer

[SEAL]



EXHIBIT A

Affidavit
Notice as to Proposed 2023 Budget

**NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3 for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CiftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 3 to be held at 11:00 A.M., on Tuesday, December 13, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1lWGIEVjJhWVNOajFuVStU709> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752. Any interested elector within the Erie Highlands Metropolitan District No. 3 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3

By: /s/ ICENOGLER | SEAVER | POGUE
A Professional Corporation

Published: Colorado Hometown Weekly December 7, 2022-1940288

Prairie Mountain Media, LLC

PUBLISHER'S AFFIDAVIT

County of Boulder
State of Colorado

The undersigned, Agent, being first duly sworn under oath, states and affirms as follows:

1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Colorado Hometown*.
2. The *Colorado Hometown* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in the *Colorado Hometown* in Boulder County on the following date(s):

Dec 7, 2022


Signature

Subscribed and sworn to me before me this

7th day of December 2022.


Notary Public

(SEAL)

SHAYLA NAJERA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174031965
MY COMMISSION EXPIRES July 31, 2025

Account: 1051343
Ad Number: 1940288
Fee: \$28.13

**NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the **ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3** for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 3 to be held at 11:00 A.M., on Tuesday, December 13, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVnQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752. Any interested elector within the Erie Highlands Metropolitan District No. 3 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3

By: /s/ ICENOGLE | SEAVER | POGUE
A Professional Corporation

Publish In: *Colorado Hometown Weekly*
Publish On: Wednesday, December 7, 2022

EXHIBIT B

Budget Document
Budget Message

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2023

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
State assessed	\$ 63,240	\$ 22,730	\$ 43,170
Vacant land	427,670	397,750	1,096,900
Oil and gas	202,610	84,280	179,470
Certified Assessed Value	\$ 693,520	\$ 504,760	\$ 1,319,540
MILL LEVY			
General	22.265	22.265	20.000
Total mill levy	22.265	22.265	20.000
PROPERTY TAXES			
General	\$ 15,441	\$ 11,238	\$ 26,391
Levied property taxes	15,441	11,238	26,391
Adjustments to actual/rounding	(145)	1	-
Budgeted property taxes	\$ 15,296	\$ 11,239	\$ 26,391
BUDGETED PROPERTY TAXES			
General	\$ 15,296	\$ 11,239	\$ 26,391
	\$ 15,296	\$ 11,239	\$ 26,391

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	15,296	11,239	26,391
Specific ownership taxes	774	638	1,583
Other revenue	-	1,123	2,026
Total revenues	<u>16,070</u>	<u>13,000</u>	<u>30,000</u>
Total funds available	<u>16,070</u>	<u>13,000</u>	<u>30,000</u>
EXPENDITURES			
General and administrative			
County Treasurer's fees	229	169	396
Contingency	-	1,123	2,026
Transfer to District No. 4	15,841	11,708	27,578
Total expenditures	<u>16,070</u>	<u>13,000</u>	<u>30,000</u>
Total expenditures and transfers out requiring appropriation	<u>16,070</u>	<u>13,000</u>	<u>30,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Weld County, Colorado on November 24, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan approved by the Town of Erie on September 24, 2013. The District's service area is located entirely within the Town of Erie, Weld County, Colorado.

The District was organized in conjunction with Erie Highlands Metropolitan District No. 1, Erie Highlands Metropolitan District No. 2, Erie Highlands Metropolitan District No. 4, and Erie Highlands Metropolitan District No. 5 (collectively, "the Districts"). The Districts were established to provide financing for the operations and maintenance and planning, design, acquisition, construction, and installation of public improvements, including mosquito elimination and control, fire protection, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, solid waste disposal, and covenant enforcement. District No. 4 pays all operating expenses for District Nos. 1, 2, 3, 4 and 5. District Nos. 1, 2, 3 and 5 levy ad valorem taxes on taxable properties within each District and transfer such proceeds to District No. 4.

On November 5, 2013, the District's voters authorized total indebtedness of \$60,000,000 for each of the following listed facilities; mosquito elimination and control, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, and operations and maintenance. Voters also authorized indebtedness of \$60,000,000 for encumbrances on District real and personal property, \$60,000,000 for management agreements, and \$60,000,000 for refunding of debt. Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy. The election also approved an annual increase in property taxes of \$2,000,000 as derived from a maximum mill levy of 20 mills as adjusted, to pay the District's operation and maintenance costs.

In the event the residential assessment ratio changes, on or after January 1st, 2014, the District may increase or decrease the mill levies, (as authorized under the District's Service Plan) so that to the extent possible, the actual tax revenues generated by the mill levies, as adjusted, are neither diminished nor enhanced as a result of such changes. For tax collection year 2023, the maximum mill levy for operations is 20.000 mills.

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.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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 6% of the property taxes collected.

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense but are to be incurred and paid by District No. 4.

County Treasurer's Fees

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

Debt and Leases

The District has no operating or capital leases.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 4, which pays for all Districts' operations and maintenance costs, an Emergency Reserve is not reflected in the District's 2023 Budget.

This information is an integral part of the accompanying budget.

EXHIBIT C

Certification of Tax Levy

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of WELD COUNTY, Colorado.

On behalf of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3,
 (taxing entity)^A

the BOARD OF DIRECTORS
 (governing body)^B

of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 3
 (local government)^C

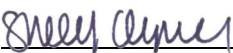
Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 1,319,540 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

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: \$ 1,319,540 (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: 12/13/2022 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	<u>20.000</u> mills	\$ <u>26,391</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	20.000 mills	\$ 26,391
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
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]	20.000 mills	\$ 26,391

Contact person: (print) Shelby Clymer Daytime phone: (303) 779-5710

Signed:  Title: Accountant for the District

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: _____
 Series: _____
 Date of Issue: _____
 Coupon Rate: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Erie Highlands Metropolitan District No. 3 of Weld County, Colorado on this 13th day of December 2022.

DocuSigned by:
Chris Carlton
B18217EDC7AAA1D

Chris Carlton, Secretary/Treasurer

SEAL



STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
2023 BUDGET RESOLUTION

The Board of Directors of the Erie Highlands Metropolitan District No. 4, Weld County, Colorado held a special meeting on Tuesday, December 13, 2022, at the hour of 11:00 A.M., via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVNQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752.

The following members of the Board of Directors were present:

Secretary/Treasurer: Brandon Wyszynski
Assistant Secretary: Chris Carlton
Assistant Secretary: Aric M. Jones

Also present were: Jerry Jacobs and Brittany Barnett, Timberline District Consulting, LLC; Shelby Clymer and Alyssa Ferreira, CliftonLarsonAllen LLP; Emma Francis, MSI, LLC; Jennifer L. Ivey, Icenogle Seaver Pogue, P.C.; the following members of the Boards of Directors of Erie Highlands Metropolitan District No. 1: Jason Manley, Jennifer Baum, and Josh Malm; and approximately 22 members of the public.

Ms. Ivey reported that proper notice was made to allow the Board of Directors of the Erie Highlands Metropolitan District No. 4 to conduct a public hearing on the 2023 budget on November 2, 2022 and, prior to that meeting, each of the directors had been notified of the date, time and place of the meeting and the purpose for which it was called. It was further reported that this meeting is a special meeting of the Board of Directors of the District and that a notice of special meeting was posted at Tract H, Erie Highlands Filing No. 1 no less than twenty-four hours prior to the holding of the meeting, and to the best of her knowledge, remains posted to the date of this meeting.

Thereupon, Director Wyszynski introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4, WELD 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 Erie Highlands Metropolitan District No. 4 (the “District”) has authorized its treasurer and accountant to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget was submitted to the Board for its review and consideration on or before October 15, 2022; and

WHEREAS, the proposed budget is more than fifty thousand dollars (\$50,000.00), due and proper notice was published on Wednesday, October 19, 2022, in the *Colorado Hometown Weekly*, indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and (iv) if applicable, the amount of the District’s increased property tax revenues resulting from a request to the Division of Local Government pursuant to Section 29-1-302(1), C.R.S.; and an original publisher’s Affidavit of Publication is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the proposed budget was open for inspection by the public at the designated place; and

WHEREAS, a public hearing was held on Wednesday, November 2, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget and any such objections were considered by the Board; 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 Section 29-1-301, C.R.S., and 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; and

WHEREAS, pursuant to Section 29-1-113(1), C.R.S., the Board shall cause a certified copy of the budget, including the budget message and any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy, to be filed with the Division of Local Government within thirty (30) days following the beginning of the fiscal year of the budget adopted; and

WHEREAS, pursuant to Section 32-1-1201, C.R.S., the Board shall determine in each year the amount of money necessary to be raised by taxation, taking into consideration those items required by law, and shall certify the rate so fixed to the board of county commissioners of each county within the District or having a portion of its territory within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4, WELD COUNTY, COLORADO:

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 as Exhibit B and incorporated herein by this reference, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, and if amended, then as amended, and attached hereto as Exhibit B and is approved and adopted as the budget of the District for fiscal year 2023. In the event the final assessed valuation provided by the Weld County Assessor's Office differs from the assessed valuation used in the proposed budget, the District's accountant is hereby directed to modify and/or adjust the budget and mill levy certification as needed to reflect the final assessed valuation without the need for additional Board authorization.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Chris Carlton, Assistant Secretary of the District, and made a part of the public records of the District and a certified copy of the approved and adopted budget shall be filed with the Division of Local Government.

Section 5. 2023 Levy of General Property Taxes. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the General Fund for operating expenses is \$6,355 and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$317,730. 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 20.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 6. 2023 Levy of Debt Retirement Expenses. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget

for the Debt Service Fund for debt retirement expense is \$15,886 and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$317,730. 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 50.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 7. 2023 Mill Levy Adjustment. The Board may adjust the mill levy, as specifically set forth in the District's Service Plan (the "Adjusted Mill Levy"). The Board hereby determines in good faith to establish the Adjusted Mill Levy as set forth in the mill levy certification attached hereto as Exhibit C pursuant to the authority granted by its Service Plan to ensure that the District's revenues shall be neither diminished nor enhanced as a result of the changes effecting the mill levy. Subject to adjustment and finalization by the District's accountant in accordance with Section 2 hereof, the Board further authorizes that the Adjusted Mill Levy be reflected in the District's Certification of Tax Levies to be submitted to the Board of County Commissioners of Weld County on or before December 15, 2022, for collection in 2023.

Section 8. Certification to County Commissioners. That the Board Secretary and/or District's accountant are hereby authorized and directed to immediately certify to the Board of County Commissioners of Weld County, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form attached hereto as Exhibit C and incorporated herein by this reference.

[The remainder of this page is intentionally left blank.]

The foregoing Resolution was seconded by Director Carlton.

RESOLUTION APPROVED AND ADOPTED THIS 2ND DAY OF NOVEMBER 2022.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4

DocuSigned by:
Brandon Wyszynski
9E8B75DB3C664FC...

By: Brandon Wyszynski
Its: President

ATTEST:

DocuSigned by:
Chris Carlton
B18217EDE74A41D...

By: Chris Carlton
Its: Secretary/Treasurer

STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4

I, Chris Carlton, hereby certify that I am a director and the duly elected and qualified Secretary and Treasurer of the Erie Highlands Metropolitan District No. 4, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 4 held on December 13, 2022, via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVNQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752, as recorded in the official record of the proceedings of the District, and the special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 4 held on November 2, 2022, via video conference at https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFyZ3dw_MFJDQVdvckxGck5JZz09 and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 875 2765 9048, Passcode: 042764 insofar as said proceedings relate to the public hearing for the budget for fiscal year 2023; that said proceedings were duly had and taken; that the meetings were duly held; and that the persons were present at the meetings as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 13th day of December 2022.

DocuSigned by:
Chris Carlton
918217E0E74A41D

Chris Carlton, Secretary/Treasurer

[SEAL]



EXHIBIT A

Affidavit
Notice as to Proposed 2023 Budget

**NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4 for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 4 to be held at 3:00 P.M., on Wednesday, November 2, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFvZ3dwMFJkQVdvcxkxGk5JZz09> and via telephone conference at Dial-in: 1-719-359-4580, Meeting ID: 875 2765 9048, Passcode: 042764. Any interested elector within the Erie Highlands Metropolitan District No. 4 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4

By: /s/ ICENOGL | SEAVER | POGUE
A Professional Corporation

Published: Colorado Hometown Weekly October 19, 2022-1928556

Prairie Mountain Media, LLC

PUBLISHER'S AFFIDAVIT

County of Boulder
State of Colorado

The undersigned, Agent, being first duly sworn under oath, states and affirms as follows:

1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Colorado Hometown*.
2. The *Colorado Hometown* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in the *Colorado Hometown* in Boulder County on the following date(s):

Oct 19, 2022


Signature

Subscribed and sworn to me before me this
19th day of October, 2022


Notary Public

(SEAL)

**SHAYLA NAJERA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174031965
MY COMMISSION EXPIRES July 31, 2025**

Account: 1051343
Ad Number: 1928556
Fee: \$28.13

**NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the **ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4** for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 4 to be held at 3:00 P.M., on Wednesday, November 2, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87527659048?pwd=ZytXSUFyZ3dwMFJDQVdvckxGck5JZz09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 875 2765 9048, Passcode: 042764. Any interested elector within the Erie Highlands Metropolitan District No. 4 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4

By: /s/ ICENOGLE | SEAVER | POGUE
A Professional Corporation

Publish In: *Colorado Hometown Weekly*
Publish On: Wednesday, October 19, 2022

EXHIBIT B

Budget Document
Budget Message

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2023

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 51,061	\$ 56,143	\$ 66,023
REVENUES			
Property taxes	41,891	16,669	22,241
Specific ownership taxes	2,125	946	1,334
District fees	-	11,000	65,678
Interest income	25	2,000	3,000
Other revenue	50	31,000	25,500
Developer advance	200,000	200,000	75,000
Clubhouse rental	2,050	6,500	5,000
Design review fee	1,975	5,000	5,000
Transfer from District No. 1	286,894	341,500	346,312
Transfer from District No. 2	122,837	156,966	200,332
Transfer from District No. 3	15,841	11,708	27,578
Transfer from District No. 5	12,396	4,963	6,641
Total revenues	<u>686,084</u>	<u>788,252</u>	<u>783,616</u>
Total funds available	<u>737,145</u>	<u>844,395</u>	<u>849,639</u>
EXPENDITURES			
General Fund	680,553	767,693	675,000
Carriage House Fund	-	10,500	87,978
Debt Service Fund	449	179	60,445
Total expenditures	<u>681,002</u>	<u>778,372</u>	<u>823,423</u>
Total expenditures and transfers out requiring appropriation	<u>681,002</u>	<u>778,372</u>	<u>823,423</u>
ENDING FUND BALANCES	<u>\$ 56,143</u>	<u>\$ 66,023</u>	<u>\$ 26,216</u>
EMERGENCY RESERVE	\$ 13,700	\$ 16,900	\$ 18,000
CAPITAL REPLACEMENT RESERVE	2,500	5,000	5,000
CARRIAGE HOUSE FUND RESERVE	-	400	2,700
TOTAL RESERVE	<u>\$ 16,200</u>	<u>\$ 22,300</u>	<u>\$ 25,700</u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/26/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

ASSESSED VALUATION

State assessed	\$ 63,240	\$ 22,730	\$ 31,250
Vacant land	285,200	112,100	112,100
Oil and gas	195,640	79,070	174,380
Certified Assessed Value	\$ 544,080	\$ 213,900	\$ 317,730

MILL LEVY

General	22.265	22.265	20.000
Debt Service	55.663	55.663	50.000
Total mill levy	77.928	77.928	70.000

PROPERTY TAXES

General	\$ 12,114	\$ 4,762	\$ 6,355
Debt Service	30,285	11,907	15,886
Levied property taxes	42,399	16,669	22,241
Adjustments to actual/rounding	(508)	-	-
Budgeted property taxes	\$ 41,891	\$ 16,669	\$ 22,241

BUDGETED PROPERTY TAXES

General	\$ 11,969	\$ 4,762	\$ 6,355
Debt Service	29,922	11,907	15,886
	\$ 41,891	\$ 16,669	\$ 22,241

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 50,849	\$ 24,940	\$ 21,917
REVENUES			
Property taxes	11,969	4,762	6,355
Specific ownership taxes	607	271	381
Interest income	25	2,000	3,000
Developer advance	200,000	200,000	75,000
Clubhouse rental	2,050	6,500	5,000
Other revenue	50	31,000	1,000
Design review fee	1,975	5,000	5,000
Transfer from District No. 1	286,894	341,500	346,312
Transfer from District No. 2	122,837	156,966	200,332
Transfer from District No. 3	15,841	11,708	27,578
Transfer from District No. 5	12,396	4,963	6,641
Total revenues	<u>654,644</u>	<u>764,670</u>	<u>676,599</u>
Total funds available	<u>705,493</u>	<u>789,610</u>	<u>698,516</u>
EXPENDITURES			
General and administrative			
Accounting	64,389	71,000	60,000
Auditing	14,700	14,700	15,300
County Treasurer's fees	180	71	95
Dues and licenses	2,514	2,290	3,000
Insurance and bonds	28,970	32,132	36,500
District management	74,996	78,000	60,000
Legal	43,673	50,000	38,000
Miscellaneous	15,011	8,500	1,215
Election	-	11,500	12,000
Reserve study	4,080	-	-
Contingency	-	-	192
District operations & maintenance			
Landscaping	79,891	120,000	94,500
Covenant control and inspections	32,470	33,000	30,000
Irrigations repairs	26,692	7,000	25,200
Snow removal	37,514	50,000	50,000
Plant material replacements	-	13,000	-
Other repairs and maintenance	-	1,000	3,750
Holiday lights	8,659	12,000	-
Playgroup equipment maintenance	2,070	1,000	3,750
Native area maintenance	-	2,500	3,750
Monument maintenance	-	2,000	3,000
Concrete repairs	-	1,000	1,875
Landscape repairs	2,524	1,000	1,875
Fence repairs	435	1,000	3,375
Utilities	20,436	17,000	15,000
Clubhouse operations			
Clubhouse management	20,097	15,000	15,000
Clubhouse operations and maintenance	16,704	23,000	18,750
Security	4,029	5,000	4,125
Work order repairs and maintenance	2,346	5,000	7,500
Clubhouse rentals/events	5,280	7,500	5,625
Cleaning and supplies	4,343	8,500	7,500
Clubhouse general repairs	2,412	9,000	3,750
Clubhouse electric repairs	300	2,500	1,875
Clubhouse plumbing repairs	-	1,000	1,875
Mechanical systems repair	-	500	1,125
Fencing repairs - Clubhouse	489	500	750
Grounds maintenance	9,534	5,000	7,800
Plant material replacements - Clubhouse	1,237	5,000	2,625
Irrigation repairs - Clubhouse	1,027	1,000	1,500
Snow removal - Clubhouse	12,258	10,000	7,500
Utilities - Clubhouse	35,911	40,000	40,000
COVID-19 expenses - Clubhouse	1,074	-	-
Pool operations			
Lifeguards	34,868	50,000	45,479
Pool maintenance	36,664	30,000	22,500
Pool chemicals	11,883	13,000	9,844
Pool repairs	20,893	6,500	7,500
Total expenditures	<u>680,553</u>	<u>767,693</u>	<u>675,000</u>
Total expenditures and transfers out requiring appropriation	<u>680,553</u>	<u>767,693</u>	<u>675,000</u>
ENDING FUND BALANCE	<u>\$ 24,940</u>	<u>\$ 21,917</u>	<u>\$ 23,516</u>
EMERGENCY RESERVE	\$ 13,700	\$ 16,900	\$ 18,000
CAPITAL REPLACEMENT RESERVE	2,500	5,000	5,000
TOTAL RESERVE	<u>\$ 16,200</u>	<u>\$ 21,900</u>	<u>\$ 23,000</u>

No assurance provided. See summary of significant assumptions.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
CARRIAGE HOUSE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 500
REVENUES			
District fees	-	11,000	65,678
Other revenue	-	-	24,500
Total revenues	<u>-</u>	<u>11,000</u>	<u>90,178</u>
Total funds available	<u>-</u>	<u>11,000</u>	<u>90,678</u>
EXPENDITURES			
General and administrative			
Billing	-	500	15,000
Contingency	-	-	728
Operations and maintenance			
Landscape maintenance	-	3,000	25,000
Operations management	-	5,000	20,000
Snow removal	-	2,000	20,000
Covenant control	-	-	2,500
Repairs and maintenance	-	-	3,750
Winter watering	-	-	1,000
Total expenditures	<u>-</u>	<u>10,500</u>	<u>87,978</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>10,500</u>	<u>87,978</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 2,700</u>
CARRIAGE HOUSE FUND RESERVE	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 2,700</u>

No assurance provided. See summary of significant assumptions.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 212	\$ 31,203	\$ 43,606
REVENUES			
Property taxes	29,922	11,907	15,886
Specific ownership taxes	1,518	675	953
Total revenues	<u>31,440</u>	<u>12,582</u>	<u>16,839</u>
Total funds available	<u>31,652</u>	<u>43,785</u>	<u>60,445</u>
EXPENDITURES			
Debt Service			
Developer note repayment	-	-	59,000
County Treasurer's fees	449	179	238
Contingency	-	-	1,207
Total expenditures	<u>449</u>	<u>179</u>	<u>60,445</u>
Total expenditures and transfers out requiring appropriation	<u>449</u>	<u>179</u>	<u>60,445</u>
ENDING FUND BALANCE	<u>\$ 31,203</u>	<u>\$ 43,606</u>	<u>\$ -</u>

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Weld County, Colorado on November 24, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan approved by the Town of Erie on September 24, 2013. The District's service area is located entirely within the Town of Erie, Weld County, Colorado.

The District was organized in conjunction with Erie Highlands Metropolitan District No. 1, Erie Highlands Metropolitan District No. 2, Erie Highlands Metropolitan District No. 3, and Erie Highlands Metropolitan District No. 5 (collectively, "the Districts"). The Districts were established to provide financing for the operations and maintenance and planning, design, acquisition, construction, and installation of public improvements, including mosquito elimination and control, fire protection, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, solid waste disposal, and covenant enforcement. The District pays all operating expenses for District Nos. 1, 2, 3, 4 and 5. District Nos. 1, 2, 3 and 5 levy ad valorem taxes on taxable properties within each District and transfer such proceeds to the District.

On November 5, 2013, the District's voters authorized total indebtedness of \$60,000,000 for each of the following listed facilities; mosquito elimination and control, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, and operations and maintenance. Voters also authorized indebtedness of \$60,000,000 for encumbrances on District real and personal property, \$60,000,000 for management agreements, and \$60,000,000 for refunding of debt. Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy. The election also approved an annual increase in property taxes of \$2,000,000 as derived from a maximum mill levy of 20 mills as adjusted, to pay the District's operation and maintenance costs.

In the event the residential assessment ratio changes, on or after January 1st, 2014, the District may increase or decrease the mill levies, (as authorized under the District's Service Plan) so that to the extent possible, the actual tax revenues generated by the mill levies, as adjusted, are neither diminished nor enhanced as a result of such changes. For tax collection year 2023, the maximum mill levies for operations and debt service are 20.000 mills and 50.000 mills, respectively.

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.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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 6% of the property taxes collected.

Developer Advances

Developer advances are expected to fund a portion of general fund expenditures. Developer advances are to be recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer.

Design Review Fees

The District receives Landscape Design Review Fees for each property sold.

Carriage House District Fees

The District anticipates collecting fees from owners of carriage houses to maintain common areas within the carriage house community.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

General and Administrative Expenditures

Administrative expenditures include the estimated services necessary to maintain the administrative viability such as legal, management, accounting, insurance and meeting expense of District Nos. 1, 2, 3, 4, and 5.

Operations and Maintenance

Facilities that are constructed by the District are either turned over to a third party for maintenance (i.e. streets to the Town of Erie) or maintained by the District. The budget reflects the District's operational expenditures in order to maintain assets not conveyed to other entities.

In addition, the cost of operating the Clubhouse and pool are also included under this category.

County Treasurer's Fees

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

Debt and Leases

The District has no operating or capital leases.

The District has outstanding developer advances. The anticipated developer advances are as follows:

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022*	Additions	Reductions	Balance - December 31, 2023
Developer Advances:							
Operations:							
Principal	\$ 1,126,531	\$ 200,000	\$ -	\$ 1,326,531	\$ 75,000	\$ -	\$ 1,401,531
Interest	155,173	98,122	-	253,295	109,122	-	362,418
Capital:							
Principal	181,018	-	-	181,018	-	24,339	156,679
Interest	5,698	14,481	-	20,179	14,481	34,661	-
Total	<u>\$ 1,468,420</u>	<u>\$ 312,604</u>	<u>\$ -</u>	<u>\$ 1,781,024</u>	<u>\$ 198,604</u>	<u>\$ 59,000</u>	<u>\$ 1,920,628</u>

*Estimates

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserve Funds

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending.

Carriage House Fund Reserve

The District has provided a reserve for operating contingencies. This reserve is included as part of the District's Carriage House Fund Balance.

This information is an integral part of the accompanying budget.

EXHIBIT C

Certification of Tax Levy

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of WELD COUNTY, Colorado.

On behalf of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4,
 (taxing entity)^A

the BOARD OF DIRECTORS
 (governing body)^B

of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 4
 (local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 317,730 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: \$ 317,730 (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: 12/13/2022 for budget/fiscal year 2023.
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY²	REVENUE²
1. General Operating Expenses ^H	<u>20.000</u> mills	\$ <u>6,355</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	20.000 mills	\$ 6,355
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	<u>50.000</u> mills	\$ <u>15,886</u>
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]	70.000 mills	\$22,241

Contact person: (print) Shelby Clymer Daytime phone: (303) 779-5710

Signed: Shelby Clymer Title: Accountant for the District

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

CONTRACTS^K:

3. Purpose of Contract: Infrastructure improvements
 Title: Advance and Reimbursement and Facilities Acquisition Agreement
 Date: July 3, 2017
 Principal Amount: Approximately \$181,000
 Maturity Date: N/A
 Levy: 50.000
 Revenue: \$15,886
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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Erie Highlands Metropolitan District No. 4 of Weld County, Colorado on this 13th day of December 2022.

DocuSigned by:
Chris Carlton
B1821FEDEFAA41D

Chris Carlton, Secretary/Treasurer

SEAL



STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5
2023 BUDGET RESOLUTION

The Board of Directors of the Erie Highlands Metropolitan District No. 5, Weld County, Colorado held a special meeting on Tuesday, December 13, 2022, at the hour of 11:00 A.M., via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVlNQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752.

The following members of the Board of Directors were present:

President: Brandon Wyszynski
Secretary/Treasurer: Chris Carlton
Assistant Secretary: Aric M. Jones

Also present were: Jerry Jacobs and Brittany Barnett, Timberline District Consulting, LLC; Shelby Clymer and Alyssa Ferreira, CliftonLarsonAllen LLP; Emma Francis, MSI, LLC; Jennifer L. Ivey, Icenogle Seaver Pogue, P.C.; the following members of the Boards of Directors of Erie Highlands Metropolitan District No. 1: Jason Manley, Jennifer Baum, and Josh Malm; and approximately 22 members of the public.

Ms. Ivey reported that proper notice was made to allow the Board of Directors of the Erie Highlands Metropolitan District No. 5 to conduct a public hearing on the 2023 budget and, prior to the meeting, each of the directors had been notified of the date, time and place of this meeting and the purpose for which it was called. It was further reported that this meeting is a special meeting of the Board of Directors of the District and that a notice of special meeting was posted at Tract H, Erie Highlands Filing No. 1 no less than twenty-four hours prior to the holding of the meeting, and to the best of her knowledge, remains posted to the date of this meeting.

Thereupon, Director Wyszynski introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5, WELD 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 Erie Highlands Metropolitan District No. 5 (the “District”) has authorized its treasurer and accountant to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget was submitted to the Board for its review and consideration on or before October 15, 2022; and

WHEREAS, the proposed budget is less than fifty thousand dollars (\$50,000.00), due and proper notice was made by posting in three public places within the District’s boundaries a notice indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and (iv) if applicable, the amount of the District’s increased property tax revenues resulting from a request to the Division pursuant to Section 29-1-302(1), C.R.S.; and the Affidavit of Posting evidencing the same is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the proposed budget was open for inspection by the public at the designated place; and

WHEREAS, a public hearing was held on Tuesday, December 13, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget and any such objections were considered by the Board; 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 Section 29-1-301, C.R.S., and 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; and

WHEREAS, pursuant to Section 29-1-113(1), C.R.S., the Board shall cause a certified copy of the budget, including the budget message and any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy, to be filed with the Division of Local Government within thirty (30) days following the beginning of the fiscal year of the budget adopted; and

WHEREAS, pursuant to Section 32-1-1201, C.R.S., the Board shall determine in each year the amount of money necessary to be raised by taxation, taking into consideration those items required by law, and shall certify the rate so fixed to the board of county commissioners of each county within the District or having a portion of its territory within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5, WELD COUNTY, COLORADO:

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 as Exhibit B and incorporated herein by this reference, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, and if amended, then as amended, and attached hereto as Exhibit B and is approved and adopted as the budget of the District for fiscal year 2023. In the event the final assessed valuation provided by the Weld County Assessor's Office differs from the assessed valuation used in the proposed budget, the District's accountant is hereby directed to modify and/or adjust the budget and mill levy certification as needed to reflect the final assessed valuation without the need for additional Board authorization.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Chris Carlton, Assistant Secretary of the District, and made a part of the public records of the District and a certified copy of the approved and adopted budget shall be filed with the Division of Local Government.

Section 5. 2023 Levy of General Property Taxes. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the General Fund for operating expenses is \$6,355 and that the 2022 valuation for assessment, as certified by the Weld County Assessor, is \$317,730. 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 20.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 6. 2023 Levy of Debt Retirement Expenses. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$-0- and that the 2022 valuation for

assessment, as certified by the Weld County Assessor, is \$317,730. 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 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

Section 7. 2023 Mill Levy Adjustment. The Board may adjust the mill levy, as specifically set forth in the District's Service Plan (the "Adjusted Mill Levy"). The Board hereby determines in good faith to establish the Adjusted Mill Levy as set forth in the mill levy certification attached hereto as Exhibit C pursuant to the authority granted by its Service Plan to ensure that the District's revenues shall be neither diminished nor enhanced as a result of the changes effecting the mill levy. Subject to adjustment and finalization by the District's accountant in accordance with Section 2 hereof, the Board further authorizes that the Adjusted Mill Levy be reflected in the District's Certification of Tax Levies to be submitted to the Board of County Commissioners of Weld County on or before December 15, 2022, for collection in 2023.

Section 8. Certification to County Commissioners. That the Board Secretary and/or District's accountant are hereby authorized and directed to immediately certify to the Board of County Commissioners of Weld County, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form attached hereto as Exhibit C and incorporated herein by this reference.

[The remainder of this page is intentionally left blank.]

The foregoing Resolution was seconded by Director Carlton.

RESOLUTION APPROVED AND ADOPTED THIS 13TH DAY OF DECEMBER 2022.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5

DocuSigned by:
Brandon Wyszynski
9E8B75DB3C884FC...

By: Brandon Wyszynski
Its: President

ATTEST:

DocuSigned by:
Chris Carlton
B18217EDE74A41D.

By: Chris Carlton
Its: Secretary/Treasurer

STATE OF COLORADO
COUNTY OF WELD
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5

I, Chris Carlton, hereby certify that I am a director and the duly elected and qualified **Secretary and Treasurer** of the Erie Highlands Metropolitan District No. 5, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 5 held on December 13, 2022, via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVNQajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752, 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 and affixed the official seal of the District this 13th day of December 2022.

DocuSigned by:
Chris Carlton
B1B2YEDZAAH1D

Chris Carlton, Secretary/Treasurer

[SEAL]



EXHIBIT A

Affidavit
Notice as to Proposed 2023 Budget

**NOTICE AS TO PROPOSED 2023 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the **ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5** for the ensuing year of 2023. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 5 to be held at 11:00 A.M., on Tuesday, December 13, 2022. The meeting will be held via video conference at <https://us06web.zoom.us/j/87485117698?pwd=emRmUm1LWGIEV2JhWVNOajFuVSttUT09> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 874 8511 7698, Passcode: 454752. Any interested elector within the Erie Highlands Metropolitan District No. 3 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2023 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5

By: /s/ ICENOGLE | SEAVER | POGUE
A Professional Corporation

Publish In: *Colorado Hometown Weekly*
Publish On: Wednesday, December 7, 2022

EXHIBIT B

Budget Document
Budget Message

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2023

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
State assessed	\$ 63,240	\$ 22,730	\$ 31,250
Vacant land	285,200	112,100	112,100
Oil and Gas	195,640	79,070	174,380
Certified Assessed Value	<u>\$ 544,080</u>	<u>\$ 213,900</u>	<u>\$ 317,730</u>
MILL LEVY			
General	22.265	22.265	20.000
Total mill levy	<u>22.265</u>	<u>22.265</u>	<u>20.000</u>
PROPERTY TAXES			
General	\$ 12,114	\$ 4,762	\$ 6,355
Levied property taxes	12,114	4,762	6,355
Adjustments to actual/rounding	(145)	1	-
Budgeted property taxes	<u>\$ 11,969</u>	<u>\$ 4,763</u>	<u>\$ 6,355</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 11,969</u>	<u>\$ 4,763</u>	<u>\$ 6,355</u>
	<u>\$ 11,969</u>	<u>\$ 4,763</u>	<u>\$ 6,355</u>

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	11,969	4,763	6,355
Specific ownership taxes	607	271	381
Other revenue	-	966	1,264
Total revenues	<u>12,576</u>	<u>6,000</u>	<u>8,000</u>
Total funds available	<u>12,576</u>	<u>6,000</u>	<u>8,000</u>
EXPENDITURES			
General and administrative			
County Treasurer's fees	180	71	95
Contingency	-	966	1,264
Transfer to District No. 4	12,396	4,963	6,641
Total expenditures	<u>12,576</u>	<u>6,000</u>	<u>8,000</u>
Total expenditures and transfers out requiring appropriation	<u>12,576</u>	<u>6,000</u>	<u>8,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Weld County, Colorado on November 24, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan approved by the Town of Erie on September 24, 2013. The District's service area is located entirely within the Town of Erie, Weld County, Colorado.

The District was organized in conjunction with Erie Highlands Metropolitan District No. 1, Erie Highlands Metropolitan District No. 2, Erie Highlands Metropolitan District No. 3, and Erie Highlands Metropolitan District No. 4 (collectively, "the Districts"). The Districts were established to provide financing for the operations and maintenance and planning, design, acquisition, construction, and installation of public improvements, including mosquito elimination and control, fire protection, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, solid waste disposal, and covenant enforcement. District No. 4 pays all operating expenses for District Nos. 1, 2, 3, 4 and 5. District Nos. 1, 2, 3 and 5 levy ad valorem taxes on taxable properties within each District and transfer such proceeds to District No. 4.

On November 5, 2013, the District's voters authorized total indebtedness of \$60,000,000 for each of the following listed facilities; mosquito elimination and control, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, and operations and maintenance. Voters also authorized indebtedness of \$60,000,000 for encumbrances on District real and personal property, \$60,000,000 for management agreements, and \$60,000,000 for refunding of debt. Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy. The election also approved an annual increase in property taxes of \$2,000,000 as derived from a maximum mill levy of 20 mills as adjusted, to pay the District's operation and maintenance costs.

In the event the residential assessment ratio changes, on or after January 1st, 2014, the District may increase or decrease the mill levies, (as authorized under the District's Service Plan) so that to the extent possible, the actual tax revenues generated by the mill levies, as adjusted, are neither diminished nor enhanced as a result of such changes. For tax collection year 2023, the maximum mill levy for operations is 20.000 mills.

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.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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 6% of the property taxes collected.

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense but are to be incurred and paid by District No. 4.

County Treasurer's Fees

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

Debt and Leases

The District has no operating or capital leases.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 4, which pays for all Districts' operations and maintenance costs, an Emergency Reserve is not reflected in the District's 2023 Budget.

This information is an integral part of the accompanying budget.

EXHIBIT C

Certification of Tax Levy

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of WELD COUNTY, Colorado.

On behalf of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5,
 (taxing entity)^A

the BOARD OF DIRECTORS
 (governing body)^B

of the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 5
 (local government)^C

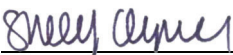
Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 317,730 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

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: \$ 317,730 (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: 12/13/2022 for budget/fiscal year 2023.
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY²	REVENUE²
1. General Operating Expenses ^H	<u>20.000</u> mills	\$ <u>6,355</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	20.000 mills	\$ 6,355
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
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]	20.000 mills	\$6,355

Contact person: (print) Shelby Clymer Daytime phone: (303) 779-5710

Signed:  Title: Accountant for the District

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: _____
 Series: _____
 Date of Issue: _____
 Coupon Rate: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Erie Highlands Metropolitan District No. 5 of Weld County, Colorado on this 13th day of December 2022.

DocuSigned by:
Chris Carlton
018237E0E76A41D

Chris Carlton, Secretary/Treasurer

SEAL

