

**HIGH PRAIRIE FARMS
METROPOLITAN DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021**

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

| | |
|--|-----------|
| 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 FUND | 3 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND | 4 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND 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 | |
| GENERAL FUND – DETAILED SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL | 18 |
| SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED | 21 |



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
High Prairie Farms Metropolitan District
Douglas County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the High Prairie Farms Metropolitan District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our 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

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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.

Duggio & Associates, P.C.

February 7, 2022

BASIC FINANCIAL STATEMENTS

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 937,720 |
| Cash and Investments - Restricted | 22,100 |
| Accounts Receivable - County Treasurer | 4,561 |
| Receivable - Other | 302 |
| Property Taxes Receivable | 746,856 |
| Prepaid Expenditures | 450 |
| Capital Assets, Not Being Depreciated | 2,162,073 |
| Capital Assets, Net of Accumulated Depreciation | <u>983,769</u> |
| Total Assets | <u>4,857,831</u> |
| LIABILITIES | |
| Accounts Payable | <u>23,194</u> |
| Total Liabilities | 23,194 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | <u>746,856</u> |
| Total Deferred Inflows of Resources | <u>746,856</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 3,145,842 |
| Restricted For: | |
| Emergency Reserves | 22,100 |
| Unrestricted | <u>919,839</u> |
| Total Net Position | <u><u>\$ 4,087,781</u></u> |

See accompanying Notes to Basic Financial Statements.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | Capital Grants and Contributions | Net Revenues (Expenses) and Change in Net Position |
|-----------------------------------|-------------------------|--|----------------------------|--|---|
| | Charges for Services | Operating Grants and Contributions | Governmental Activities | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 719,351 | \$ 3,489 | \$ 14,720 | \$ - | \$ (701,142) |
| Total Governmental Activities | \$ 719,351 | \$ 3,489 | \$ 14,720 | \$ - | (701,142) |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 667,549 |
| Specific Ownership Taxes | | | | | 64,600 |
| Net Investment Income | | | | | 1,007 |
| Other Income | | | | | 95 |
| Gain on Disposition of Equipment | | | | | 2,400 |
| Total General Revenues | | | | | 735,651 |
| CHANGE IN NET POSITION | | | | | 34,509 |
| Net Position - Beginning of Year | | | | | 4,053,272 |
| NET POSITION - END OF YEAR | | | | | \$ 4,087,781 |

See accompanying Notes to Basic Financial Statements.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2021**

| | General Fund |
|---|-----------------|
| ASSETS | |
| Cash and Investments | \$ 937,720 |
| Cash and Investments - Restricted | 22,100 |
| Accounts Receivable - County Treasurer | 4,561 |
| Accounts Receivable | 302 |
| Property Taxes Receivable | 746,856 |
| Prepaid Expenditures | 450 |
| | \$ 1,711,989 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | |
| LIABILITIES | |
| Accounts Payable | \$ 23,194 |
| Total Liabilities | 23,194 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Property Tax Revenue | 746,856 |
| Total Deferred Inflows of Resources | 746,856 |
| FUND BALANCES | |
| Nonspendable: | |
| Prepaid Expenditures | 450 |
| Restricted: | |
| Emergency Reserves | 22,100 |
| Assigned: | |
| Working Capital | 53,300 |
| Future Capital Replacement | 310,000 |
| Fire Mitigation | 30,000 |
| Timber Creek IGA | 50,000 |
| Fence Replacement | 70,000 |
| Entryway Irrigation | 10,000 |
| Entryway Beautification | 5,000 |
| Subsequent Years Expenditures | 252,196 |
| Unassigned: | |
| Total Fund Balances | 138,893 |
| | 941,939 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund | 3,145,842 |
| Net Position of Governmental Activities | \$ 4,087,781 |

See accompanying Notes to Basic Financial Statements.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2021**

| | <u>General Fund</u> |
|--|--------------------------|
| REVENUES | |
| Property Taxes | \$ 667,549 |
| Specific Ownership Taxes | 64,600 |
| Conservation Trust Funds | 14,720 |
| Other Revenue | 2,495 |
| Net Investment Income | 1,007 |
| Reimbursed Expenditure | 670 |
| Reimbursed Expenditure - Mile High Flood District | 2,819 |
| Total Revenues | <u>753,860</u> |
| EXPENDITURES | |
| General and Administration | 178,099 |
| Operations Maintenance - Annual | 356,545 |
| Total General & Administration and Operations & Maintenance - Annual | <u>534,644</u> |
| Maintenance - As Required | 7,467 |
| Erosion Repair and Storm Drainage - As Required | 50,000 |
| Capital Outlay | 72,423 |
| Total Expenditures | <u>664,534</u> |
| NET CHANGE IN FUND BALANCES | 89,326 |
| Fund Balances - Beginning of Year | <u>852,613</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ 941,939</u></u> |

See accompanying Notes to Basic Financial Statements.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

| | | |
|--|----|--------|
| Net Change in Fund Balances - Governmental Funds | \$ | 89,326 |
|--|----|--------|

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.

| | | |
|----------------|--|------------------|
| Capital Outlay | | 70,360 |
| Depreciation | | <u>(125,177)</u> |

| | | |
|---|----|----------------------|
| Change in Net Position of Governmental Activities | \$ | <u><u>34,509</u></u> |
|---|----|----------------------|

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

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 669,857 | \$ 667,549 | \$ (2,308) |
| Specific Ownership Taxes | 53,589 | 64,600 | 11,011 |
| Colorado State Lottery Funds | 10,000 | 14,720 | 4,720 |
| Net Investment Income | 1,600 | 1,007 | (593) |
| Reimbursed Expenditures - Mile High Flood | 10,000 | 2,819 | (7,181) |
| Reimbursed Expenditures | - | 670 | 670 |
| Other Income | 1,000 | 2,495 | 1,495 |
| Total Revenues | <u>746,046</u> | <u>753,860</u> | <u>7,814</u> |
| EXPENDITURES | | | |
| General and Administration | 240,000 | 178,099 | 61,901 |
| Operations Maintenance - Annual | 468,000 | 356,545 | 111,455 |
| Total General & Administration and Operations & Maintenance - Annual | <u>708,000</u> | <u>534,644</u> | <u>173,356</u> |
| Maintenance - As Required | 105,500 | 7,467 | 98,033 |
| Erosion Repair and Storm Drainage - As Required | 85,000 | 50,000 | 35,000 |
| Capital Outlay | 145,000 | 72,423 | 72,577 |
| Total Expenditures | <u>1,043,500</u> | <u>664,534</u> | <u>378,966</u> |
| NET CHANGE IN FUND BALANCES | (297,454) | 89,326 | 386,780 |
| Fund Balance - Beginning of Year | <u>838,504</u> | <u>852,613</u> | <u>14,109</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 541,050</u> | <u>\$ 941,939</u> | <u>\$ 400,889</u> |

See accompanying Notes to Basic Financial Statements.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

High Prairie Farms Metropolitan District (the District), a quasi-municipal corporation, was organized on May 5, 1986, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District was established to provide public services, including streets, safety protection, transportation and park and recreational facilities.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. 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.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct 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 the 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. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets.

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. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the liability is incurred.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

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 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 modified certain budget line items during the year, but did not amend the total appropriations.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are generally 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.

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:

| | |
|--------------------------------|---------------|
| Building | 30 Years |
| Parks and Playground Equipment | 5 – 30 Years |
| Lighting and Signage | 15 Years |
| Equipment | 5 – 10 Years |
| Mailboxes | 10 – 20 Years |
| Entryway/Monumentation | 10 Years |

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.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-----------------------------------|-------------------|
| Cash and Investments | \$ 937,720 |
| Cash and Investments - Restricted | 22,100 |
| Total Cash and Investments | <u>\$ 959,820</u> |

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

| | |
|--------------------------------------|-------------------|
| Deposits with Financial Institutions | \$ 48,363 |
| Investments | 911,457 |
| Total Cash and Investments | <u>\$ 959,820</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, 2021, the District's cash deposits had a bank and carrying balance of \$48,363.

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 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
- . Certain international agency securities
- . 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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|--|-----------------------------------|-------------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted-Average Under 60 Days | \$ 342,677 |
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted-Average Under 60 Days | 568,780 |
| | | <u>\$ 911,457</u> |

COLOTRUST

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

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value measured at amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

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

| | Balance at December 31, 2020 | Increases | Decreases | Balance at December 31, 2021 |
|--|------------------------------------|-----------------|-----------|------------------------------------|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 2,162,073 | \$ - | \$ - | \$ 2,162,073 |
| Total Capital Assets, Not Being Depreciated | 2,162,073 | - | - | 2,162,073 |
| Capital Assets, Being Depreciated: | | | | |
| Building | 363,721 | - | - | 363,721 |
| Lighting and Signage | 386,255 | - | - | 386,255 |
| Parks and Recreation | 1,913,072 | 63,360 | - | 1,976,432 |
| Equipment | 335,833 | 7,000 | 5,128 | 337,705 |
| Mailboxes | 47,490 | - | - | 47,490 |
| Entryway/Monumentation | 51,170 | - | - | 51,170 |
| Total Capital Assets, Being Depreciated | 3,097,541 | 70,360 | 5,128 | 3,162,773 |
| Less Accumulated Depreciation For: | | | | |
| Building | 139,426 | 12,124 | - | 151,550 |
| Lighting and Signage | 250,921 | 20,247 | - | 271,168 |
| Parks and Recreation | 1,381,826 | 58,731 | - | 1,440,557 |
| Equipment | 258,345 | 25,035 | 5,128 | 278,252 |
| Mailboxes | 19,070 | 3,923 | - | 22,993 |
| Entryway/Monumentation | 9,367 | 5,117 | - | 14,484 |
| Total Accumulated Depreciation | 2,058,955 | 125,177 | 5,128 | 2,179,004 |
| Total Capital Assets, Being Depreciated, Net | 1,038,586 | (54,817) | - | 983,769 |
| Capital Assets, Net | \$ 3,200,659 | \$ (54,817) | \$ - | \$ 3,145,842 |

Depreciation expense was charged to the general government of the District for the year ended December 31, 2021, in the amount of \$125,177.

NOTE 5 LONG-TERM OBLIGATIONS

Authorized Debt

At December 31, 2021, the District had no authorized, unissued debt.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 INTERGOVERNMENTAL AGREEMENT

The District entered into an agreement in 2000 with Denver Southeast Suburban Water and Sanitation District (DSSWS) for the construction of a pumping station and storage facility (joint use facility). Pursuant to the agreement, the DSSWS would design and construct the joint use facility and lease the storage facility to the District. The lease also contains provisions and a formula for shared maintenance of the facility. No maintenance costs were incurred during 2021. A lease payment of \$500 was made by the District in 2021. The future annual lease payments are \$500 per year through 2098 and may be adjusted for inflation as defined in the agreement.

NOTE 7 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, 2021, the District had net investment in capital assets in the amount of \$3,145,842.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2021, amounting to \$22,100.

The District’s unrestricted net position as of December 31, 2021, totaled \$919,839.

NOTE 8 CONSERVATION TRUST FUND

The Conservation Trust Fund represents the net unspent proceeds received from the State Lottery for the Conservation Trust Fund. Changes in the Conservation Trust Fund are as follows:

| | |
|---|--------------------|
| Balance - December 31, 2020 | \$ - |
| Entitlement | 14,720 |
| Net Investment Income | 1 |
| Capital Outlay - Open Space - Tree Spraying | (14,721) |
| Balance - December 31, 2021 | <u><u>\$ -</u></u> |

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

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.

On May 7, 1996, voters approved a revenue change commencing in 1996 and each year thereafter, allowing the District to collect, retain and spend state and local government grants, developer contributions, HB 1006 Revenue, rates, fees, tolls and charges, and any other revenues not derived from ad valorem taxes. In 1996 and each year thereafter; and shall such revenues and any investment income thereon be approved as voter-approved revenue change, without limiting any such year the collection of any other revenues.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 5, 1996, voters approved the District to increase taxes by \$20,000 annually, to be produced by a total mill levy not to exceed 12.000 mills certified in 1996 and collected in 1997, and by whatever additional amounts, if any, are raised and collected each year thereafter from a total mill levy not to exceed 12.00 mills, for the maintenance of District landscaping and all other lawful District expenses, and shall such revenues and any investment income be collected and spent as a voter approved revenue change without regard to any spending, revenue raising or other limitation of Article X, Section 20 of the Colorado Constitution; and shall the revenue from such taxes and investment income thereon also be approved for 1997 and each year thereafter as an increased levy under Section 29-1-302, C.R.S.

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

SUPPLEMENTARY INFORMATION

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| EXPENDITURES | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|-----------|---|
| General and Administration: | | | |
| Accounting | \$ 78,000 | \$ 50,724 | \$ 27,276 |
| Audit | 4,500 | 4,400 | 100 |
| Contingency | 5,000 | - | 5,000 |
| County Treasurer's Fees | 10,048 | 10,025 | 23 |
| Directors' Fees | 12,000 | 5,100 | 6,900 |
| Publications and Dues | 1,000 | 871 | 129 |
| District Management | 24,000 | 29,520 | (5,520) |
| Insurance | 15,000 | 14,126 | 874 |
| Legal | 78,000 | 57,892 | 20,108 |
| Records Retention | 5,000 | 710 | 4,290 |
| Miscellaneous | 2,452 | 1,681 | 771 |
| Website Development | 5,000 | 3,050 | 1,950 |
| Total General and Administration | 240,000 | 178,099 | 61,901 |
| Operations Maintenance - Annual | | | |
| Storage Facility Lease | 500 | 500 | - |
| Christmas Lights | 10,000 | 9,082 | 918 |
| Maintenance - Contract - Miller Land Management | 201,000 | 186,870 | 14,130 |
| Maintenance - Chemicals and Fertilizer | 3,500 | 2,925 | 575 |
| Maintenance - Tree Spraying | 50,000 | 54,073 | (4,073) |
| Maintenance - Equipment Repairs and Parts | 10,000 | 7,772 | 2,228 |
| Maintenance - Wild Fire Land Mitigation | 30,000 | 37,850 | (7,850) |
| Maintenance - Fuel and Oil | 5,000 | 4,426 | 574 |
| Maintenance - Other | 12,000 | 1,931 | 10,069 |
| Maintenance - Flowers | 13,000 | 14,756 | (1,756) |
| Maintenance - Sprinkler | 8,000 | 2,120 | 5,880 |
| Maintenance - Weed Spraying | 15,000 | - | 15,000 |
| Maintenance - Trails and Walking Paths | 20,000 | 123 | 19,877 |
| Security and Traffic Safety | 5,000 | 1,340 | 3,660 |
| Sign Maintenance and Additions | 5,000 | 11 | 4,989 |
| Utilities | 8,000 | 6,644 | 1,356 |
| Erosion Control | 10,000 | - | 10,000 |
| General Engineering | 10,000 | - | 10,000 |
| Water | 52,000 | 26,122 | 25,878 |
| Total Operations Maintenance - Annual | 468,000 | 356,545 | 111,455 |
| Maintenance - As Required | | | |
| Capital Outlay - Beautification - Entry Way | 5,000 | 1,042 | 3,958 |
| Capital Outlay - Building | 2,500 | - | 2,500 |
| Capital Outlay - Fence Replacement | 3,000 | 1,070 | 1,930 |
| Capital Outlay - Open Space and Pocket Park | 15,000 | 2,536 | 12,464 |
| Reserve Study | 5,000 | - | 5,000 |
| School District Property | 10,000 | - | 10,000 |
| Timbers Creek maintenance | 10,000 | 2,819 | 7,181 |
| Tree Removal | 5,000 | - | 5,000 |
| Capital Outlay - Contingency | 50,000 | - | 50,000 |
| Total Maintenance - As Required | 105,500 | 7,467 | 98,033 |
| Erosion Repair and Storm Drainage - As Required | | | |
| Capital Outlay - Detention Ponds and Storm Drainage | 25,000 | - | 25,000 |
| Storm Drainage (Includes Engineering) | 10,000 | - | 10,000 |
| Timbers Creek Study | 50,000 | 50,000 | - |
| Total Erosion Repair and Storm Drainage - As Required | 85,000 | 50,000 | 35,000 |

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

| EXPENDITURES (CONTINUED) | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|-----------------------|---|
| Capital Outlay | | | |
| Capital Outlay - Equipment Purchases | \$ 20,000 | \$ 7,000 | \$ 13,000 |
| Capital Outlay - Fountain Pond and Trees | 10,000 | 2,063 | 7,937 |
| Capital Outlay - Mailboxes and Landscape | 10,000 | - | 10,000 |
| Capital Outlay - Playground Equipment | 5,000 | - | 5,000 |
| Capital Outlay - Rockwall | 50,000 | 63,360 | (13,360) |
| Capital Outlay - Maintenance Building | 5,000 | - | 5,000 |
| Capital Outlay - Fence Replacement - Future | 35,000 | - | 35,000 |
| Capital Outlay - Entryway Irrigation - Future | 10,000 | - | 10,000 |
| Total Capital Outlay | <u>145,000</u> | <u>72,423</u> | <u>72,577</u> |
| Total Expenditures | <u>\$ 1,043,500</u> | <u>\$ 664,534</u> | <u>\$ 378,966</u> |

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | Total Property Taxes | | Percent Collected to Levied |
|---|---|--------------|----------------------|------------|-----------------------------------|
| | | | Levied | Collected | |
| 2016 | \$ 44,561,300 | 12.000 | \$ 534,736 | \$ 534,203 | 99.90% |
| 2017 | 44,657,320 | 12.000 | 535,888 | 535,801 | 99.98% |
| 2018 | 45,631,140 | 12.000 | 547,574 | 547,414 | 99.97% |
| 2019 | 46,724,920 | 12.000 | 560,699 | 560,615 | 99.99% |
| 2020 | 54,230,310 | 12.000 | 650,764 | 650,384 | 99.94% |
| 2021 | 55,821,410 | 12.000 | 669,857 | 667,549 | 99.66% |
| Estimated for the Year Ending December 31, 2022 | \$ 62,237,960 | 12.000 | \$ 746,856 | | |