

PARKER HOMESTEAD METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: (303) 987-0835
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NOTICE OF REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
James E. Marshall	President	2025/May 2025
Thomas J. Brinkman II	Treasurer	2025/May 2025
Lisa S. Brinkman	Assistant Secretary	2023/May 2023
VACANT		2023/May 2025
VACANT		2023/May 2023
Ann E. Finn	Secretary	

DATE: June 7, 2022

TIME: 2:30 p.m.

PLACE: Conference Call
Telephone Number: 1-669-900-6833
Meeting ID: 434 948 0582
Passcode: 355867

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location of the meeting and posting of meeting notice and designate 24-hour posting location.

C. Review and approve the minutes of the October 12, 2021 Special Meeting (enclosure).

D. Discuss results of the cancelled of May 3, 2022 Regular Directors' Election (enclosure).

E. Confirm filing of Oaths of Office.

F. Discuss vacancies on the Board and consider the appointment of eligible elector(s).

G. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

H. Consider authorizing interested Board Members to attend the 2022 Special District Association's Annual Conference in Keystone on September 13, 14 and 15, 2022.

II. PUBLIC COMMENTS

A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.

III. FINANCIAL MATTERS

A. Review and ratify approval of payment of claims for the period beginning October 1, 2021 through May 31, 2022 for the total amount of \$423,285.73 (enclosure).

B. Review and accept unaudited financial statements through the period ending April 30, 2022 (enclosure).

C. Ratify approval of the engagement of Simmons & Wheeler, P.C. to perform the 2021 Audit, in the amount of \$4,500 (enclosure).

D. Review and consider approval of 2021 Audit and authorize execution of Representations Letter (draft audit – enclosed).

IV. LEGAL MATTERS

A. Discuss status of Operations and Maintenance Agreement between the District and Heirloom Owners Association ("HOA").

1. Discuss status of possible conveyances of property to the HOA.

V. OTHER MATTERS

A. _____

VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR
OCTOBER 11, 2022 – BUDGET HEARING.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE PARKER HOMESTEAD METROPOLITAN DISTRICT HELD OCTOBER 12, 2021

A Special Meeting of the Board of Directors of the Parker Homestead Metropolitan District (referred to hereafter as "Board") was convened on Tuesday, October 12, 2021, at 2:30 p.m. The District Board meeting was held via Zoom. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

James E. Marshall
Thomas J. Brinkman II
Shelley D. Marshall
Lisa Brinkman

The absence of Director Scott Marshall was excused.

Also In Attendance Were:

Ann E. Finn; Special District Management Services, Inc.
MaryAnn McGeady, Esq. and Tim O'Connor, Esq.; McGeady Becher P.C.
Eric Weaver and Cheri Curtis; Marchetti & Weaver, LLC

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State.

It was noted that a quorum was present and Attorney McGeady requested members of the Board to disclose any potential conflicts of interest regarding any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney McGeady noted that conflict disclosure statements were filed for all Directors with the Colorado Secretary of State by the statutory deadline. No additional conflicts were disclosed at the meeting.

ADMINISTRATIVE MATTERS

Agenda: Ms. Finn distributed for the Board's review and approval a proposed agenda for the District's Special Meeting.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the agenda was approved as presented, and excused the absence of Director Scott Marshall.

Meeting Location/Manner and Posting of Meeting Notice: The Board discussed the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The District Board meeting was held by conference call.

Ms. Finn reported that notice was duly posted and that no objections to the telephonic manner of the meeting or any requests that the telephonic manner of the meeting be changed by taxpaying electors within the District boundaries have been received.

September 9, 2021 Minutes: The Board reviewed the Minutes of the September 9, 2021 Special Meeting.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall, upon vote, unanimously carried, the Minutes of the September 9, 2021 Special Meeting were approved, as presented.

Resolution No. 2021-10-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices:

Ms. Finn discussed with the Board Resolution No. 2021-10-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices.

The Board determined to meet at 2:30 p.m. on June 7, 2022 and October 12, 2022 via conference call.

Following discussion, upon motion duly made by Director Shelley Marshall, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-10-01; Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices.

§32-1-809, C.R.S., Requirements (Transparency Notice): The Board discussed §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2022.

Following discussion, upon motion duly made by Director Shelley Marshall, seconded by Director J. Marshall, upon vote, unanimously carried, the Board authorized the staff to post the Transparency Notice on the Special District Association Website.

RECORD OF PROCEEDINGS

PUBLIC COMMENT There were no public comments.

FINANCIAL MATTERS

Payment of Claims: Mr. Weaver reviewed with the Board the payment of claims for the period beginning June 1, 2021 through September 30, 2021 for the total amount of \$17,866.43.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board ratified approved the payment of claims, as presented.

Unaudited Financial Statements: Mr. Weaver reviewed with the Board the unaudited financial statements for the period ending August 31, 2021.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending August 31, 2021, as presented.

2021 Audit Preparation: The Board reviewed the proposal from Simmons & Wheeler, PC to perform the 2021 Audit.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Board approved the engagement of Simmons & Wheeler, PC to perform the 2021 Audit, for an amount not to exceed \$5,000.

Public Hearing on 2021 Budget Amendment: The President opened the public hearing to consider an amendment to the 2021 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider an amendment to the 2021 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

The Board determined that an amendment to the 2021 Budget was not necessary.

Public Hearing on 2022 Budget: The President opened the public hearing to consider the proposed 2022 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2022 Budget and the date, time and place of the public hearing was

RECORD OF PROCEEDINGS

made in a newspaper having general circulation within the District. No written objections were received prior to or at this public hearing. No public comments were received, and the President closed the public hearing.

Mr. Weaver reviewed the estimated year-end 2021 revenues and expenditures and the proposed 2022 estimated revenues and expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2021-10-02 to Adopt the 2021 Budget and Appropriate Sums of Money and Resolution No. 2021-10-03 to Set Mill Levies (for the General Fund at 15.103 mills and the Debt Service Fund at 32.500 mills, for a total of 47.603 mills). Upon motion duly made by Director J. Marshall, seconded by Director Shelley Marshall and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2021. Ms. Finn was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Douglas County and the Division of Local Government not later than December 15, 2021. Ms. Finn was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2022. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference.

Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3: The Board reviewed Resolution No. 2021-10-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3.

Following discussion, upon motion duly made by Director T. Brinkman, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-10-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director T. Brinkman, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board authorized

RECORD OF PROCEEDINGS

the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

2023 Budget Preparation: The Board discussed the preparation of the 2023 Budget.

Following discussion, upon motion duly made by Director T. Brinkman, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2023 Budget. The Board determined to hold the public hearing to consider adoption of the 2023 Budget on October 12, 2022, at 2:30 p.m. via conference call.

Reimbursement to Parker Homestead Investments, LLC: The Board considered the reimbursement to Parker Homestead Investments, LLC.

Following consideration, upon motion duly made by Director T. Brinkman, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board authorized reimbursement to Parker Homestead Investments, LLC.

LEGAL MATTERS

Operations and Maintenance Agreement between the District and Heirloom Owners Association (“HOA”): Attorney McGeady reported to the Board that she is working on finalizing the Agreement with the HOA.

Conveyances of Property to the HOA: The Board discussed the possible conveyances of property owned by the District to the HOA. No further action was taken.

Resolution to Call the May 3, 2022 Regular Election: The Board entered into discussion regarding the upcoming election and Resolution No. 2021-10-05 to Call the May 3, 2022 Regular Election.

Following discussion, upon motion duly made by Director Shelley Marshall, seconded by Director T. Brinkman and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-10-05 to Call the May 3, 2022 regular Election and appointed Ann Finn as the Designated Election Official and authorized her to perform all tasks required for the May 3, 2022 Regular Election of the Board of Directors for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

RECORD OF PROCEEDINGS

OTHER MATTERS

There were no other matters to discuss.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: _____
Secretary for the Meeting

**RESOLUTION OF DESIGNATED ELECTION OFFICIAL
REGARDING CANCELLATION OF ELECTION AND
DECLARATION DEEMING CANDIDATES ELECTED**

PARKER HOMESTEAD METROPOLITAN DISTRICT
Douglas County, Colorado

A. The Designated Election Official of the Parker Homestead Metropolitan District (“**District**”) has been duly authorized by the Board of Directors of the District to cancel the election and declare candidates elected at the close of business on the sixty-third (63rd) day before the election to be conducted on May 3, 2022, pursuant to that certain Resolution Calling Election attached hereto as **Exhibit A**.

B. On the sixty-third (63rd) day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates.

NOW, THEREFORE, be it resolved by the Designated Election Official of the District that:

1. The regular election to be conducted on May 3, 2022, is hereby cancelled pursuant to Section 1-13.5-513, C.R.S.
2. The following candidates are declared elected for the following terms of office:

<u>Name</u>	<u>Term</u>
James E. Marshall	Second Regular Election, May 2025
Thomas J. Brinkman	Second Regular Election, May 2025
Lisa S. Brinkman	Next Regular Election, May 2023
Vacant	Second Regular Election, May 2025
Vacant	Next Regular Election, May 2023

DATED this 2nd day of March, 2022.

PARKER HOMESTEAD METROPOLITAN
DISTRICT

By: 
Ann Finn, Designated Election Official
Parker Homestead Metropolitan District
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228
Phone: (303) 987-0835

EXHIBIT A

Resolution Calling Election

RESOLUTION NO. 2021 – 10 - ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE PARKER HOMESTEAD METROPOLITAN DISTRICT
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903(1.5), C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 32-1-903(5), C.R.S., “location” means the physical, telephonic, electronic, or virtual place, or a combination of such means where a meeting can be attended. “Meeting” has the same meaning as set forth in Section 24-6-402(1)(b), C.R.S., and means any kind of gathering, convened to discuss public business, in person, by telephone, electronically, or by other means of communication.

C. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district’s first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings (“**Notice of Meeting**”) will be physically posted at least 24 hours prior to each meeting (“**Designated Public Place**”). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting if a special district posts the Notice of Meeting online on a public website of the special district (“**District Website**”) at least 24 hours prior to each regular and special meeting.

E. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

F. Pursuant to Section 32-1-903(1.5), C.R.S., all meetings of the board that are held solely at physical locations must be held at physical locations that are within the boundaries of the district or that are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the physical location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

G. The provisions of Section 32-1-903(1.5), C.R.S., may be waived if: (1) the proposed change of the physical location of a meeting of the board appears on the agenda of a meeting; and (2) a resolution is adopted by the board stating the reason for which meetings of the board are to be held in a physical location other than under Section 32-1-903(1.5), C.R.S., and further stating the date, time and physical location of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Parker Homestead Metropolitan District (the “**District**”), Douglas County, Colorado:

1. That the provisions of Section 32-1-903(1.5), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the “**District Board**”) has determined that conducting meetings at a physical location pursuant to Section 32-1-903(1.5), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2022 shall be held on June 7, 2022 and October 11, 2022 at Colorado Escrow and Title, 10851 South Crossroads Dr., Suite B, Parker, Colorado 80134.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each director.

5. That, until circumstances change, and a future resolution of the District Board so designates, the physical location and/or method or procedure for attending meetings of the District Board virtually (including the conference number or link) shall appear on the agenda(s) of said meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s) physical location(s), and any such objections shall be considered by the District Board in setting future meetings.

7. That the District has established the following District Website, <https://parkerhomesteadmd.colorado.gov>, and the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to meetings pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

8. That, if the District is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

a. The light post at the Northeast corner of Heirloom Pkwy and Melco Avenue.

9. Thomas Brinkman, or his/her designee, is hereby appointed to post the above-referenced notices.

**[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING
DATES, TIME, AND LOCATION, AND DESIGNATING LOCATION FOR 24-HOUR
NOTICES]**

RESOLUTION APPROVED AND ADOPTED on October 12, 2021.

**PARKER HOMESTEAD
METROPOLITAN DISTRICT**

By: Jim Marshall
President

Attest:

Ann Finn
Secretary

Parker Homestead Metropolitan District
 Payment of Claims
 May 31, 2022

GENERAL FUND PAYMENTS TO BE APPROVED

Payee	Description	Amount
Marchetti & Weaver, LLC	Accounting - April	\$434.86
McGeady Becher, P.C	Legal - March	\$1,323.33
Special District Management Services, Inc	District Management - April	\$503.60
TOTAL GENERAL FUND PAYMENTS TO BE RATIFIED & APPROVED		<u>\$2,261.79</u>

GENERAL FUND PAYMENTS TO BE RATIFIED

Payee	Description	Amount
Colorado Community Media	Advertising Budget & Elections	\$52.68
CO Special Dist Property & Liability Pool	Liability Insurance	\$2,027.00
First Bank	Bank Fees - October 2021-May 2022	\$140.00
Marchetti & Weaver, LLC	Accounting - September 2021	\$706.35
	Accounting - October 2021	\$1,030.73
	Accounting - November 2021	\$303.30
	Accounting - December 2021	\$860.28
	Accounting - January 2022	\$848.99
	Accounting - February 2022	\$882.57
	Accounting - March 2022	\$1,357.54
McGeady Becher, P.C	Legal - September 2021	\$1,033.00
	Legal - October 2021	\$2,657.50
	Legal - December 2021	\$120.00
	Legal - January 2022	\$585.00
	Legal - February 2022	\$157.50
Parker Homestead Investment	Developer Advance Reimbursement	\$7,000.00
PNC	Bank Fees - January-May	\$100.00
Special District Association	2022 Dues	\$701.49
Special District Management Services, Inc	District Management - September 2021	\$1,455.12
	District Management - October 2021	\$858.31
	District Management - November 2021	\$204.40
	District Management - December 2021	\$602.80
	District Management - January 2022	\$1,018.47
	District Management - February 2022	\$994.00
	District Management - March 2022	\$921.00
T Charles Wilson Ins	Insurance	\$495.00
TOTAL GENERAL FUND PAYMENTS TO BE RATIFIED & APPROVED		<u>\$27,113.03</u>

Parker Homestead Metropolitan District
Payment of Claims
May 31, 2022

DEBT SERVICE PAYMENTS TO BE RATIFIED

Payee	Description	Amount
UMB	Bond Payment - December 2021	\$264,178.66
UMB	Bond Interest - June 2022	\$129,732.25
TOTAL DEBT SERVICE PAYMENTS TO BE RATIFIED & APPROVED		<u>\$393,910.91</u>
TOTAL TO BE RATIFIED & APPROVED		<u>\$423,285.73</u>

**Parker Homestead Metropolitan District
Statement of Net Position
April 30, 2022**

	General Fund	Debt Service	Fixed Assets & LTD	Total
ASSETS				
CASH				
FirstBank Checking	404,171			404,171
BBVA-Surplus Fund		163,782		163,782
BBVA-Revenue Fund		18,016		18,016
Inter-Fund Balances	(275,923)	275,923		-
TOTAL CASH	128,248	457,721	-	585,969
OTHER CURRENT ASSETS				
Due From County Treasurer	-	-		-
Property Taxes Receivable	112,864	242,870		355,734
Financial Guarantee				-
Prepaid Expenses	-	-		-
TOTAL OTHER CURRENT ASSETS	112,864	242,870	-	355,734
FIXED ASSETS				
Landscaping				-
Parks Equipment				-
Accumulated Depreciation				-
TOTAL FIXED ASSETS	-		-	-
TOTAL ASSETS	241,112	700,591	-	941,703
LIABILITIES & DEFERRED INFLOWS				
CURRENT LIABILITIES				
Accounts Payable	4,721			4,721
TOTAL CURRENT LIABILITIES	4,721	-	-	4,721
DEFERRED INFLOWS				
Deferred Property Taxes	112,864	242,870		355,734
TOTAL DEFERRED INFLOWS	112,864	242,870	-	355,734
LONG-TERM LIABILITIES				
Loan Payable-Series 2020			8,185,000	8,185,000
Loan Premium, Net of Amortization			394,234	394,234
Loan Loss on Refunding, Net			(411,522)	(411,522)
Developer Payable- Ops			-	-
Developer Payable- Cap			296,382	296,382
Accrued Interest- Dev Adv- Ops			15,884	15,884
Accrued Interest- Dev Adv- Cap			935,395	935,395
Accrued Interest - Bonds			21,622	21,622
TOTAL LONG-TERM LIABILITIES	-		9,436,995	9,436,995
TOTAL LIAB & DEF INFLOWS	117,584	242,870	9,436,995	9,797,450
NET POSITION				
Net Investment in Capital Assets			-	-
Amount to be Provided for Debt			(9,436,995)	(9,436,995)
Fund Balance- Nonspendable	-			-
Fund Balance- Restricted	7,488	457,721		465,210
Fund Balance- Unassigned	116,039			116,039
TOTAL NET POSITION	123,527	457,721	(9,436,995)	(8,855,747)

Parker Homestead Metropolitan District
Statement of Revenues, Expenditures, & Changes In Fund Balance
Modified Accrual Basis For the Period Indicated

Date Printed: 06/03/22

	2021 Prelim Actual	2022 Adopted Budget	Variance Favorable (Unfavor)	2022 Forecast	YTD Thru 04/30/22 Actual	YTD Thru 04/30/22 Budget	Variance Favorable (Unfavor)	2023 Prelim Budget	Notes/Assumptions
PROPERTY TAXES									
Assessed Valuation	14,366,690	14,996,450	-	14,996,450				14,510,910	May Prelim AV per County
Mill Levy Breakdown:									
Mill Levy - Operations	3.586	15.103	-	15.103				13.661	Remainder Available
Mill Levy - Debt	44.019	32.500	-	32.500				34.000	Amt Needed To Cover Debt Pmts
Total	47.605	47.603	-	47.603				47.661	35 mills gallagherized
Property Tax Revenue - Operations	51,519	226,491	-	226,491				198,234	AV * Mill Levy / 1,000
Property Tax Revenue - Debt	632,407	487,385	-	487,385				493,371	AV * Mill Levy / 1,000
Total	683,926	713,876	-	713,876				691,604	
COMBINED FUNDS									
REVENUE									
Property Taxes	683,927	713,876	-	713,876	358,142	335,522	22,620	691,604	AV * Mill Levy / 1,000
Specific Ownership Taxes	65,957	57,110	-	57,110	15,041	14,278	763	55,329	8% of Taxes
Interest	998	5,500	(475)	5,025	5	1,833	(1,829)	5,500	Budget high to avoid amendment
TOTAL REVENUE	750,881	776,486	(475)	776,011	373,188	351,633	21,555	752,433	
EXPENDITURES									
Administration & Contingency	52,917	77,547	15,901	61,645	18,210	24,866	6,656	81,497	All Non-Debt Repayment Costs
Developer Repayments	7,000	185,000	(10,000)	195,000	-	-	-	155,000	Use Available Funds
Bond Principal & Interest	526,459	534,465	-	534,465	-	-	-	535,747	See Debt Service Fund
Capital	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	586,376	797,011	5,901	791,110	18,210	24,866	6,656	772,244	
REVENUE OVER / (UNDER) EXP	164,505	(20,525)	5,426	(15,099)	354,977	326,766	28,211	(19,810)	
OTHER SOURCES / (USES)									
Bond Proceeds	-	-	-	-	-	-	-	-	
Bond Premium	-	-	-	-	-	-	-	-	
Bond Defeasance	-	-	-	-	-	-	-	-	
Cost of Issuance	-	-	-	-	-	-	-	-	
Transfer to Debt Service Fund	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	164,505	(20,525)	5,426	(15,099)	354,977	326,766	28,211	(19,810)	
BEGINNING FUND BALANCE	61,766	216,760	9,512	226,272	226,271	216,760	9,512	211,173	
ENDING FUND BALANCE	226,271	196,234	14,938	211,173	581,248	543,526	37,723	191,362	
COMPONENTS OF FUND BALANCE									
Nonspendable	450	3,885	15	3,900	-	-	-	4,095	Prepaid Insurance
TABOR Emergency Reserve	1,486	-	7,488	7,488	7,488	-	-	-	Shown as an expense
Restricted For Debt Service	206,676	181,977	9,224	191,201	457,721	-	-	176,295	See Debt Service Fund
Restricted for Capital	-	-	-	-	-	-	-	-	Capital Fund Closed Out
Unassigned/ Other	17,659	10,372	(1,789)	8,583	116,039	-	-	10,973	Per General Fund
TOTAL ENDING FUND BALANCE	226,271	196,234	14,938	211,173	581,248	543,526	37,723	191,362	

No assurance is provided on these financial statements;
substantially all disclosures required by GAAP omitted.

Parker Homestead Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Date Printed: 06/03/22

	2021 Prelim Actual	2022 Adopted Budget	Variance Favorable (Unfavor)	2022 Forecast	YTD Thru 04/30/22 Actual	YTD Thru 04/30/22 Budget	Variance Favorable (Unfavor)	2023 Prelim Budget	Notes/Assumptions	
GENERAL FUND										
REVENUE										
1-510	Property Taxes	51,519	226,491	-	226,491	113,628	106,451	7,177	198,234	AV * Mill Levy / 1,000
1-515	Specific Ownership Taxes	4,968	18,119	-	18,119	4,772	4,530	242	15,859	8% of Taxes
1-560	Interest & Other Income	54	5,000	-	5,000	-	1,667	(1,667)	5,000	Budget high to avoid amendment
TOTAL REVENUE		56,541	249,610	-	249,610	118,400	112,647	5,752	219,093	
EXPENDITURES										
Administration										
1-612	Accounting	11,218	13,000	-	13,000	3,088	4,333	1,246	13,000	Based on 2022 Forecast
1-614	District Management	9,313	12,500	-	12,500	2,439	4,167	1,728	13,000	Based on 2022 Forecast
1-615	Audit	4,200	4,500	-	4,500	-	-	-	4,750	Based on 2022 Forecast
1-635	Election	-	3,000	-	3,000	1,019	2,400	1,381	3,000	Assume Canceled
1-670	Insurance & SDA Dues	3,276	3,700	63	3,637	3,673	3,700	27	3,900	Based on 2022 Forecast
1-675	Legal	13,806	14,500	1,500	13,000	2,138	4,833	2,696	13,000	Based on 2022 Forecast
1-685	Miscellaneous Expense	818	1,200	-	1,200	407	400	(7)	1,300	Based on 2022 Forecast
1-700	Treasurer's Fees	774	3,397	-	3,397	1,704	1,597	(108)	2,974	1.5% of property taxes
	Emergencies		1,938	1,938	-	-	-	-	6,573	3% Emergency Reserve
1-795	Contingency		7,500	7,500	-	-	-	-	7,500	Unforeseen Needs
Total Administration		43,405	65,236	11,001	54,234	14,468	21,430	6,962	68,996	
Debt Service										
1-710	Developer Repayment- Ops Principal	-	-	-	-	-	-	-	-	Paid off in 2019
1-711	Developer Repayment- Cap Principal	7,000	185,000	(10,000)	195,000	-	-	-	101,382	Pay off in 2023
	Developer Repayment- Ops Interest	-	-	-	-	-	-	-	15,884	Pay off in 2023
	Developer Repayment- Cap Interest	-	-	-	-	-	-	-	37,733	Begin Paying Down in 2023
Total Debt Service		7,000	185,000	(10,000)	195,000	-	-	-	155,000	
TOTAL EXPENDITURES		50,405	250,236	1,001	249,234	14,468	21,430	6,962	223,996	
REVENUE OVER / (UNDER) EXP		6,136	(625)	1,001	376	103,932	91,217	12,715	(4,904)	
OTHER SOURCES / (USES)										
1-894	Transfer to Capital Fund	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)		-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE		6,136	(625)	1,001	376	103,932	91,217	12,715	(4,904)	
1-450	BEGINNING FUND BALANCE	13,459	14,883	4,713	19,595	19,595	14,883	4,713	19,971	
ENDING FUND BALANCE		19,595	14,257	5,714	19,971	123,527	106,100	17,427	15,068	
		=	=	=	=	=	=	=	=	
COMPONENTS OF FUND BALANCE:										
1-142	Nonspendable	450	3,885	15	3,900	-	-	-	4,095	Prepaid Insurance
	Restricted for Emergencies	1,486	-	7,488	7,488	7,488	-	-	-	Shown as an expense
	Unassigned	17,659	10,372	(1,789)	8,583	116,039	-	-	10,973	
TOTAL FUND BALANCE		19,595	14,257	5,714	19,971	123,527	106,100	17,427	15,068	
		=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Parker Homestead Metropolitan District
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Date Printed: 06/03/22

	2021 Prelim Actual	2022 Adopted Budget	Variance Favorable (Unfavor)	2022 Forecast	YTD Thru 04/30/22 Actual	YTD Thru 04/30/22 Budget	Variance Favorable (Unfavor)	2023 Prelim Budget	Notes/Assumptions	
DEBT SERVICE FUND										
REVENUE										
2-510	Property Taxes	632,408	487,385	-	487,385	244,514	229,071	15,444	493,371	AV * Mill Levy / 1,000
2-515	Specific Ownership Taxes	60,988	38,991	-	38,991	10,269	9,748	521	39,470	8% of Taxes
2-560	Interest Income	943	500	(475)	25	5	167	(162)	500	Minimal
TOTAL REVENUE		694,340	526,876	(475)	526,401	254,788	238,985	15,803	533,341	
EXPENDITURES										
2-607	Bond Principal- 2016	-	-	-	-	-	-	-	-	Defeased in 2020
2-608	Bond Interest- 2016	-	-	-	-	-	-	-	-	Defeased in 2020
2-609	Loan Principal- 2020	115,000	275,000	-	275,000	-	-	-	285,000	Per Amortization Schedule
2-610	Loan Interest- 2020	411,459	259,465	-	259,465	-	-	-	250,747	Per Amortization Schedule
2-668	Paying Agent Fees	-	-	-	-	-	-	-	-	Direct Placement- No Fee
2-685	Bank Fees / Misc Expense	16	-	(100)	100	75	-	(75)	100	Based on 2022 Forecast
2-700	Treasurer's Fees	9,496	7,311	-	7,311	3,668	3,436	(232)	7,401	1.5% of property taxes
	Contingency	-	5,000	5,000	-	-	-	-	5,000	Unforeseen Needs
TOTAL EXPENDITURES		535,971	546,775	4,900	541,875	3,743	3,436	(307)	548,248	
REVENUE OVER / (UNDER) EXP		158,369	(19,900)	4,425	(15,475)	251,045	235,549	15,496	(14,907)	
OTHER SOURCES / (USES)										
2-523	Bond Proceeds	-	-	-	-	-	-	-	-	
2-730	Bond Premium	-	-	-	-	-	-	-	-	
2-736	Bond Defeasance	-	-	-	-	-	-	-	-	
2-618	Cost of Issuance	-	-	-	-	-	-	-	-	
2-750	Developer Repayment- Capital	-	-	-	-	-	-	-	-	
	Transfer from General Fund	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)		-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE		158,369	(19,900)	4,425	(15,475)	251,045	235,549	15,496	(14,907)	
2-450	BEGINNING FUND BALANCE	48,307	201,877	4,799	206,676	206,676	201,877	4,799	191,201	
ENDING FUND BALANCE		206,676	181,977	9,224	191,201	457,721	437,426	20,295	176,295	
COMPONENTS OF FUND BALANCE:		=	=	=	=	=	=	=	=	
2-128	Surplus Fund Requirement	163,782	163,782	-	163,782	163,782	-	-	163,782	Maintain at \$163,782 Cap
	Restricted for Debt Service	42,894	18,195	9,224	27,419	293,939	-	-	12,513	
TOTAL FUND BALANCE		206,676	181,977	9,224	191,201	457,721	437,426	20,295	176,295	
	Loan Balance- Beginning of Year	8,300,000	8,185,000	=	8,185,000	=	=	=	7,910,000	
	Assessed Valuation	14,366,690	14,996,450	=	14,996,450	=	=	=	14,510,910	
	Debt to Assessed Ratio	58%	55%	=	55%	=	=	=	55%	
	<i>Mill levy cap released once below 50%</i>									

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

January 12, 2022

Board of Directors
Parker Homestead Metropolitan District
c/o Marchetti & Weaver, LLC
28 Second Street, Suite 213
Edwards, CO 81632

We are pleased to confirm our understanding of the services we are to provide Parker Homestead Metropolitan District for the year ended December 31, 2021.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of Parker Homestead Metropolitan District as of and for the ended December 31, 2021. Accounting standards generally accepted in the United States of America (“GAAS”) provide for certain required supplementary information (“RSI”), such as management’s discussion and analysis (“MD&A”), to supplement Parker Homestead Metropolitan District’s basic financial statements. Such 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. As part of our engagement, we will apply certain limited procedures to Parker Homestead Metropolitan District’s RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by U.S. generally accepted accounting principles (“GAAP”) and will be subjected to certain limited procedures, but will not be audited: MD&A, as prepared by management, if applicable. We will apply certain limited procedures, which will consist principally of inquiries of management regarding methods of measurement and presentation, to management's discussion and analysis. However, we will not audit the MD&A and will express no opinion on it.

If applicable, we have also been engaged to report on supplementary information other than RSI that accompanies Parker Homestead Metropolitan District’s financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor’s report on the financial statements.

If applicable, the document will include other information accompanying the financial statements that will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Parker Homestead Metropolitan District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

If applicable, we will also prepare the financial statements of Parker Homestead Metropolitan District in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Simmons & Wheeler, PC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to grantor or cognizant agencies or a federal agency providing direct or indirect funding. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Simmons & Wheeler, PC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to other firms of Certified Public Accountants for our firm's required participation in the American Institute of Certified Public Accountants 'Peer Review' process. If requested, access to such audit documentation will be provided under the supervision of Simmons & Wheeler, PC personnel.

John Simmons or Diane Wheeler will be the engagement partner and will be responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on a date mutually agreed to by your accountants and our firm, and to issue our reports no later than July 31, 2022, or September 30, 2022, if the District requests an extension of time from the state auditor.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$4,500. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Parker Homestead Metropolitan District's financial statements. Our report will be addressed to those charged with governance of Parker Homestead Metropolitan District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit.

Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We certify that we will comply with the provisions of C.R.S. §8-17.5-101, *et seq.* We will not knowingly employ or contract with an illegal alien to perform work under this contract. We represent, warrant, and agree that we have verified that we do not employ any illegal aliens, through participation in the Electronic Employment Verification Program administered by the Social Security Administration and the Department of Homeland Security. We have not used the Electronic Employment Verification Program to undertake pre-employment screening of job applicants. We shall use no subcontractor in the performance of our services under this engagement letter. We will comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of an investigation the department is undertaking pursuant to the law. If we violate any provision of C.R.S. §8-17.5-101, *et seq.* the District may terminate this contract for breach of contract, and we shall be liable for actual and consequential damages to the District.

We appreciate the opportunity to be of service to Parker Homestead Metropolitan District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below, and return this letter to us.

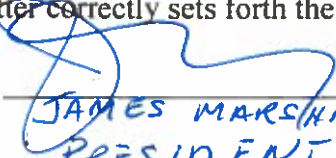
Very truly yours,

Simmons & Wheeler P.C.

Simmons & Wheeler, P.C.

RESPONSE

This letter correctly sets forth the understanding of Parker Homestead Metropolitan District:

By  JAMES MARSHALL
Title PRESIDENT
Date 11/14/22

DRAFT 6/3/2022

PARKER HOMESTEAD METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2021

with

Independent Auditors' Report

DRAFT 6/3/2022

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DRAFT 6/3/2022

PARKER HOMESTEAD METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2021

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	\$ 22,057	\$ -	\$ 22,057	\$ -	\$ 22,057
Cash and investments - restricted	1,486	202,370	203,856	-	203,856
Receivable - County Treasurer	350	4,306	4,656	-	4,656
Property taxes receivable	226,491	487,385	713,876	-	713,876
Prepaid expenses	450	-	450	-	450
Total Assets	\$ 250,834	\$ 694,061	\$ 944,895	-	944,895
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	411,522	411,522
Total Deferred Outflows of Resources	-	-	-	411,522	411,522
Total Assets and Deferred Outflows of Resources	\$ 250,834	\$ 694,061	\$ 944,895		
LIABILITIES					
Accounts payable	\$ 4,748	\$ -	\$ 4,748	-	4,748
Accrued interest - bonds	-	-	-	21,622	21,622
Long-term liabilities:					
Due within one year	-	-	-	275,000	275,000
Due in more than one year	-	-	-	9,551,894	9,551,894
Total Liabilities	4,748	-	4,748	9,848,516	9,853,264
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	226,491	487,385	713,876	-	713,876
Total Deferred Inflows of Resources	226,491	487,385	713,876	-	713,876
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	450	-	450	(450)	-
Restricted:					
Emergencies	1,486	-	1,486	(1,486)	-
Debt service	-	206,676	206,676	(206,676)	-
Unassigned	17,659	-	17,659	(17,659)	-
Total Fund Balances	19,595	206,676	226,271	(226,271)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 250,834	\$ 694,061	\$ 944,895		
Net Position:					
Net investment in capital assets				(9,399,488)	(9,399,488)
Restricted for:					
Emergencies				1,486	1,486
Debt service				206,676	206,676
Unrestricted				(19,397)	(19,397)
Total Net Position				\$ (9,210,723)	\$ (9,210,723)

The notes to the financial statements are an integral part of these statements.

DRAFT 6/3/2022

PARKER HOMESTEAD METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Accounting	\$ 11,218	\$ -	\$ 11,218	\$ -	\$ 11,218
Audit	4,200	-	4,200	-	4,200
Insurance	3,276	-	3,276	-	3,276
Legal	13,806	-	13,806	-	13,806
Management fees	9,313	-	9,313	-	9,313
Miscellaneous expenses	818	16	834	-	834
Treasurer's fees	774	9,496	10,270	-	10,270
Loan principal	-	115,000	115,000	(115,000)	-
Interest expense	-	411,458	411,458	(87,830)	323,628
Repay developer advances	<u>7,000</u>	<u>-</u>	<u>7,000</u>	<u>(7,000)</u>	<u>-</u>
Total Expenditures	<u>50,405</u>	<u>535,970</u>	<u>586,375</u>	<u>(209,830)</u>	<u>376,545</u>
GENERAL REVENUES					
Property taxes	51,519	632,408	683,927	-	683,927
Specific ownership taxes	4,968	60,988	65,956	-	65,956
Interest income	<u>54</u>	<u>943</u>	<u>997</u>	<u>-</u>	<u>997</u>
Total General Revenues	<u>56,541</u>	<u>694,339</u>	<u>750,880</u>	<u>-</u>	<u>750,880</u>
NET CHANGES IN FUND BALANCES	6,136	158,369	164,505	(164,505)	
CHANGE IN NET POSITION				374,335	374,335
FUND BALANCES/NET POSITION (DEFICIT):					
BEGINNING OF YEAR	<u>13,459</u>	<u>48,307</u>	<u>61,766</u>	<u>(9,646,824)</u>	<u>(9,585,058)</u>
END OF YEAR	<u>\$ 19,595</u>	<u>\$ 206,676</u>	<u>\$ 226,271</u>	<u>\$ (9,436,994)</u>	<u>\$ (9,210,723)</u>

The notes to the financial statements are an integral part of these statements.

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PARKER HOMESTEAD METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2021

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 51,519	\$ 51,519	\$ -
Specific ownership taxes	4,122	4,968	846
Interest income	<u>25</u>	<u>54</u>	<u>29</u>
Total Revenues	<u>55,666</u>	<u>56,541</u>	<u>875</u>
EXPENDITURES			
Accounting	12,000	11,218	782
Audit	4,500	4,200	300
Insurance	3,500	3,276	224
Legal	12,000	13,806	(1,806)
Management fees	12,000	9,313	2,687
Miscellaneous expenses	300	818	(518)
Treasurer's fees	773	774	(1)
Repay developer advances	3,000	7,000	(4,000)
Contingency	5,000	-	5,000
Emergency reserve	<u>1,670</u>	<u>-</u>	<u>1,670</u>
Total Expenditures	<u>54,743</u>	<u>50,405</u>	<u>4,338</u>
NET CHANGE IN FUND BALANCE	923	6,136	5,213
FUND BALANCE:			
BEGINNING OF YEAR	<u>8,977</u>	<u>13,459</u>	<u>4,482</u>
END OF YEAR	<u>\$ 9,900</u>	<u>\$ 19,595</u>	<u>\$ 9,695</u>

The notes to the financial statements are an integral part of these statements.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Parker Homestead Metropolitan District, located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on March 15, 2011, as a quasi-municipal corporation and political subdivision established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes and developer advances. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB Pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District.

The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The 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 appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. These amounts are eliminated in the Statement of Net Position.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2021.

All capital assets were conveyed to other entities in prior years.

Long-Term Obligations

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

Original Issue Premium and Deferred Loss on Refunding

The original issue premium from the Series 2020 Loan is being amortized over the life of the loan using the effective interest method. The 2020 deferred loss on refunding is being amortized over the life of the Series 2020 Loan using the straight-line method. Accumulated amortization of the original issue premium and deferred loss on refunding amounted to \$58,116 and \$32,482, respectively, at December 31, 2021.

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

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PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$450 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,486 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$206,676 is restricted for the payment of the debt service costs associated with the Series 2020 Loan (see Note 3).

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

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

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PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

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

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

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

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

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

Note 2: Cash

As of December 31, 2021, cash is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ 22,057
Cash - Restricted	<u>203,856</u>
Total	<u>\$ 225,913</u>

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PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Cash as of December 31, 2021, consists of the following:

Deposits with financial institutions	\$ <u>225,913</u>
	\$ <u>225,913</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

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

Credit Risk

The District has adopted an investment policy by which it follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

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PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2021, the District did not have any investments.

Note 3: Long Term Obligations

The following is an analysis of changes in long-term obligations for the period ending December 31, 2021:

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Current</u> <u>Portion</u>
<u>Direct Placements:</u>					
Series 2020 Loan	\$ 8,300,000	\$ -	\$ 115,000	\$ 8,185,000	\$ 275,000
Series 2020 Loan - premium	439,108	-	44,874	394,234	-
	<u>8,739,108</u>	<u>-</u>	<u>159,874</u>	<u>8,579,234</u>	<u>275,000</u>
<u>Other:</u>					
Developer Advances:					
Operations:					
Accrued interest	15,884	-	-	15,884	-
Capital:					
Principal	303,382	-	7,000	296,382	-
Accrued interest	923,276	12,118	-	935,394	-
	<u>1,242,542</u>	<u>12,118</u>	<u>7,000</u>	<u>1,247,660</u>	<u>-</u>
Total	<u>\$ 9,981,650</u>	<u>\$ 12,118</u>	<u>\$ 166,874</u>	<u>\$ 9,826,894</u>	<u>\$ 275,000</u>

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

A description of the long-term obligations as of December 31, 2021, is as follows:

\$8,300,000 Taxable Converting to Tax-Exempt General Obligation Refunding Loan, Series 2020
On August 13, 2020, the District entered into a Loan Agreement with BBVA Mortgage Corporation for the amount of \$8,300,000 (“Series 2020 Loan”) plus an original issue premium of \$452,350 for the purpose of refunding the District’s Series 2016 Bonds and paying down the balance owed to the Developer for project costs. The Series 2020 Loan matures on December 1, 2040 with interest payable on June 1 and December 1 of each year beginning June 1, 2021. The Series 2020 Loan bears interest at a taxable rate of 3.950% until the date that the loan converts to tax-exempt when the rate changes to 3.170%. The District exercised its option to convert this loan to tax-exempt during 2021.

The Series 2020 Loan is subject to redemption prior to maturity at the option of the District, in whole, or, with the consent of the Lender, in part, on any Interest Payment Date, on or after December 1, 2028 upon payment to the Lender of the principal amount and a) accrued interest, b) any Prepayment Fee, and c) the applicable redemption price as set forth in Exhibit D of the Loan Agreement.

The Series 2020 Loan is secured by Pledged Revenues which include the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, any PILOT revenue, and any other legally available moneys as determined by the District.

As a result of the issuance of the Series 2020 Loan, the Series 2016 Bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$444,004. This amount is recorded as a deferred outflow and is being amortized over the life of the Series 2020 Loan. The refunding resulted in an economic gain of \$1,817,580 due to the lower interest rate on the Series 2020 Loan compared to the interest rate on the Series 2016 Bonds.

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PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Events of Default as defined by the Loan Agreement include a) failure by the District to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Loan Agreement, b) insufficiency of funds in the Revenue Fund and Surplus Fund to pay the interest and/or principal on the Loan when due, c) failure by the District to perform any material covenants, agreements, duties, or condition required by the Series Loan documents and fails to remedy the default within 30 days of notice by the Lender, d) determination that any representation or warranty made by the District proves to be untrue or incomplete in any material respect, e) the pledge of the Pledged Revenue, the Collateral, or any other security interest fails to be fully enforceable, f) judgement or court order exceeding insurance coverage in excess of \$100,000 is rendered against the District and the District fails to pay or satisfy such judgment for 30 days, g) a change occurs in the financial or operating condition of the District which the Lender judges to have a material adverse impact on the District and its ability to satisfy its obligations, h) the District commences any case, proceeding, or other action relating to bankruptcy, insolvency, reorganization, relief of debtors or appointment of a receiver, trustee or custodian, i) any financing document related to the Series 2020 Loan or pledge or security interest related to such documents ceases to be valid or enforceable, j) the District shall become involved in proceeding to dissolve, consolidate, or cease to exist, and k) any funds or investments on deposit become subject to writ, judgement, warrant, attachment, execution, or similar process. Remedies are available to the Lender as described in the Loan Agreement, however, except for the application of the interest rate being changed to a Default Rate, no remedy will be available solely because of the failure of the District to pay principal of, or interest on, the Loan when due. Acceleration of the Loan is also not an available remedy for an Event of Default.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020 Loan:

	Principal	Interest	Total
2022	\$ 275,000	\$ 259,465	\$ 534,465
2023	285,000	250,747	535,747
2024	300,000	241,713	541,713
2025	315,000	232,203	547,203
2026	335,000	222,217	557,217
2027 - 2031	1,915,000	942,600	2,857,600
2032 - 2036	2,400,000	609,274	3,009,274
2037 - 2040	<u>2,360,000</u>	<u>191,468</u>	<u>2,551,468</u>
	<u>\$ 8,185,000</u>	<u>\$ 2,949,685</u>	<u>\$ 11,134,685</u>

There are no unused Lines of Credit as of December 31, 2021.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Project Funding and Reimbursement Agreement

The District entered into a Project Funding and Reimbursement Agreement (“Project Agreement”) dated March 23, 2011, with an effective date of March 15, 2011, as amended in the First Amendment to the Project Funding and Reimbursement Agreement (“First Amendment”) dated March 15, 2014, and the Second Amendment to the Project Funding and Reimbursement Agreement (“Second Amendment”) dated November 14, 2016, with an effective date of March 15, 2011, by and between the District and Parker Homestead Investments, LLC, a Colorado limited liability company (the “Developer”), which provide for certain procedures for the funding of public improvements to be constructed by the Developer and the procedures for the District to acquire such public improvements upon completion.

Per the Project Agreement, the District will reimburse the Developer for advances made for district organization and construction related expenses up to \$8,182,984, which includes amounts advanced under the Development Agreement (see Note 5). For advances made for organization expenses, simple interest shall accrue from the date of organization of the District until paid at the rate of 8% per annum. For construction related expenses, simple interest shall accrue on each developer advance from the date of deposit into the District’s account until paid at the rate of 8% per annum. The reimbursement obligations under the Project Agreement were subordinate to the Chambers Road Costs from the IGA between the District and the Town of Parker (“Town”), which obligation was satisfied in full in 2016 (See Note 5) and the costs of the South Newlin Gulch Trail as part of the Development Agreement.

Per the First Amendment to the Project Agreement, payments by the District to the Developer under the Project Agreement will be applied first to the principal amount due and then to accrued and unpaid interest.

Per the Second Amendment to the Project Agreement, the parties agreed that, in lieu of advancing funds to the District for Construction Related Expenses, the Developer may construct or cause the construction of all or a portion of the Improvements, subject to certain conditions precedent to the District’s obligation to reimburse Construction Related Expenses incurred by the Developer, including: (1) with respect to Improvements to be acquired by the District, as-built drawings and such other documentation as may be required by the District to verify that there are no outstanding amounts due to contractors, subcontractors, material providers or suppliers; (2) with respect to Improvements to be dedicated to the Town, Parker Water and Sanitation District or other appropriate jurisdiction, evidence satisfactory to the District that the Improvements have been finally accepted by such jurisdiction; and (3) with respect to all Developer constructed Improvements, certification of an independent engineer. Additionally, any such reimbursements shall be subject to the same terms and conditions as apply to reimbursement of Developer advances under the Project Agreement.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

The term of the Project Agreement will expire on December 31, 2041. Any principal and accrued interest outstanding on December 31, 2041 shall be deemed forever discharged and satisfied in full.

Facilities Acquisition and Reimbursement Agreement

The District entered into a Facilities Acquisition and Reimbursement Agreement (“FARA”) dated March 19, 2014, as amended in the First Amendment to the Facilities Acquisition and Reimbursement Agreement (“First Amendment”), dated and effective October 6, 2016, by and between the District and the Developer, pursuant to which the Developer deposited land sale proceeds into an escrow account established pursuant to a purchase and sale agreement with Lennar Colorado, LLC (“Lennar”). The proceeds in the escrow account were advanced by the Developer, to pay costs incurred by Lennar Colorado, LLC (“Lennar”), up to a maximum of \$600,000, for the construction of certain street, water, sanitary sewer, drainage and landscape improvements (the “Lennar Improvements”), acquire the Lennar Improvements from Lennar, and then convey the Lennar Improvements to the District. Pursuant to the First Amendment to the FARA, the parties amended the maximum amount that the District will reimburse the Developer for funds advanced for the Lennar Improvements under the FARA, from \$600,000 up to \$1,788,779.06, together with interest thereon. Under the FARA, simple interest accrues at the rate of 8% per annum until paid.

When the District’s 2015 Audit was prepared, the FARA capped the reimbursable amount to \$600,000, and at that time that the District had no obligation nor sufficient funds to reimburse the \$1,119,081 incurred for construction of the Lennar Improvements. In turn, the \$1,119,081 was characterized as a “Developer contribution” to acknowledge the full amount advanced by the Developer for these improvements.

Subsequent development of property within the District increased its assessed valuation to the extent that the District did have the financial capacity to reimburse the Developer for the additional costs and the District asked its independent engineer, 2N Civil, to verify District-eligible costs of the Lennar Improvements. By letter dated October 3, 2016, 2N Civil verified costs totaling \$1,719,080.97. The District thus amended the FARA in the First Amendment on October 6, 2016, to increase the amount reimbursable under the FARA to \$1,788,779.06, and this amount was accepted by the Board at its October 13, 2016, meeting.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

On August 6, 2020, the agreement was modified by the Second Amendment to Facilities Acquisition and Reimbursement Agreement to clarify the intention of the parties regarding the Series 2020 Loan and the outstanding principal and interest outstanding under the FARA moving forward. Modifications included a) use of the proceeds of the Series 2020 Loan to pay a portion of the outstanding principal owed under the FAR as long as the loan is closed and disbursed on or before September 30, 2020, b) use of the proceeds to remit \$300,000 to Developer as partial payment of principal under the FARA, and c) write-off of \$400,000 of interest under this agreement by the Developer and reduction of the interest rate on the remaining principal balance from 8.0% to 4.0%.

At December 31, 2021, \$296,382 in principal and \$935,394 in interest is due to the Developer for capital advances under the Project Agreement and the FARA.

Operation Funding Agreements

The District and Developer have entered into Operation Funding Agreements for each of the years 2011, 2012, 2013, 2014, 2015 and 2016 (“Operation Funding Agreements”), pursuant to which the Developer agreed to advance funds to the District for operations and maintenance expenses to the extent that other District revenues are insufficient to pay such expenses. Simple interest will accrue on each Developer advance from the date of deposit into the District’s account at the rate of 8% per annum until paid. The District’s intent is to repay the Developer to the extent it has funds available from the imposition of its taxes, rates, toll, penalties and charges or other legally available revenue, after payment of its annual debt service obligations and annual operations and maintenance expenses. The term of the reimbursement obligation under each Operation Funding Agreement is 40 years, and any principal and accrued interest outstanding at the end of such 40-year period shall be deemed forever discharged and satisfied in full. All of the Operation Funding Agreements have been amended at the Developer’s request to provide for the payment of principal before interest.

As no additional advances will be required by the District, this agreement was terminated as of August 6, 2020. At December 31, 2021, \$15,884 is due to the Developer under the 2011, 2012, 2013, 2014, 2015 and 2016 Operation Funding Agreements, \$0 of principal and \$15,884 of accrued interest.

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PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Debt Authorization

As of December 31, 2021, the District had authorized but unissued general obligation indebtedness in the following amounts allocated for the following purposes:

Authorization Used and Remaining from 2010 Election					
Purpose	Principal Amount Voted	Principal Amount Used by 2014 Loan Agreement	Principal Amount Used by Series 2016 Bonds	Principal Amount Used by Series 2020 Loan	Principal Amount Remaining
Water	\$ 8,300,000	\$ (1,367,123)	\$ (818,651)	\$ (64,472)	\$ 6,049,754
Sanitation	8,300,000	(810,147)	(927,139)	(73,016)	6,489,698
Streets	8,300,000	(2,481,076)	(796,436)	(62,723)	4,959,765
Park and Recreation	8,300,000	(405,074)	(1,160,404)	(91,387)	6,643,135
Operations	1,000,000	-	-	-	1,000,000
Refunding	16,600,000	-	(4,597,370)	(8,239,154)	3,763,476
IGA Debt	8,300,000	-	-	-	8,300,000
TOTAL	\$ 59,100,000	\$ (5,063,420)	\$ (8,300,000)	\$ (8,530,752)	\$ 37,205,828

The District has not budgeted to issue any new debt during 2022. Per the District's Service Plan, the District cannot issue debt in excess of \$8,300,000. Per the Service Plan, for any portion of the District Debt which exceeds 50% of the District's assessed valuation, the maximum debt mill levy for such portion of debt shall be 35 mills (as adjusted for Gallagher on or after January 1, 2000) less the number of mills necessary to pay District administrative operating expenses and the number of mills necessary to pay unlimited mill levy debt.

Note 4: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 5: Tax, Spending and Debt Limitations

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

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

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

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

On November 2, 2010, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Note 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Long-term liabilities such as loans, developer advances payable and accrued developer advance interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 2) governmental funds report developer advances and loan proceeds as revenue; and,
- 3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

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SUPPLEMENTAL INFORMATION

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PARKER HOMESTEAD METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2021

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 632,407	\$ 632,408	\$ 1
Specific ownership taxes	50,593	60,988	10,395
Interest income	<u>250</u>	<u>943</u>	<u>693</u>
Total Revenues	<u>683,250</u>	<u>694,339</u>	<u>11,089</u>
EXPENDITURES			
Treasurer's fees	9,486	9,496	(10)
Loan principal	115,000	115,000	-
Interest expense	410,020	411,458	(1,438)
Miscellaneous expenses	-	16	(16)
Contingency	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>539,506</u>	<u>535,970</u>	<u>3,536</u>
NET CHANGE IN FUND BALANCE	143,744	158,369	14,625
FUND BALANCE:			
BEGINNING OF YEAR	<u>44,062</u>	<u>48,307</u>	<u>4,245</u>
END OF YEAR	<u>\$ 187,806</u>	<u>\$ 206,676</u>	<u>\$ 18,870</u>

The notes to the financial statements are an integral part of these statements.