

Karl's Farm Metropolitan District No. 2
Financial Statements

December 31, 2021

ACCOUNTANT'S COMPILATION REPORT


Board of Directors

Karl's Farm Metropolitan District No. 2

Management is responsible for the accompanying financial statements of each major fund of Karl's Farm Metropolitan District No. 2, as of and for the period ended December 31, 2021, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Karl's Farm Metropolitan District No. 2 because we performed certain accounting services that impaired our independence.

Handwritten signature of Simmons & Wheeler P.C. in cursive script.

February 2, 2022
Englewood, Colorado

Karl's Farm Metropolitan District No. 2
Balance Sheet - Governmental Funds and Account Groups
December 31, 2021

See Accountant's Compilation Report

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Account</u> <u>Groups</u>	<u>Total</u> <u>All Funds</u>
Assets					
Current assets					
Cash in Colotrust	\$ 1,932	\$ 343,985	\$ 10,445	\$ -	\$ 356,362
Cash in trustee	-	-	3,036,787	-	3,036,787
Taxes receivable	<u>2,085</u>	<u>-</u>	<u>11,609</u>	<u>-</u>	<u>13,694</u>
	<u>4,017</u>	<u>343,985</u>	<u>3,058,841</u>	<u>-</u>	<u>3,406,843</u>
Other assets					
Improvements	-	-	-	12,717,449	12,717,449
Amount available in debt service fund	-	-	-	3,047,232	3,047,232
Amount to be provided for retirement of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,872,768</u>	<u>12,872,768</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,637,449</u>	<u>28,637,449</u>
	<u>\$ 4,017</u>	<u>\$ 343,985</u>	<u>\$ 3,058,841</u>	<u>\$ 28,637,449</u>	<u>\$ 32,044,292</u>
Liabilities and Equity					
Current liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred taxes	<u>2,085</u>	<u>-</u>	<u>11,609</u>	<u>-</u>	<u>13,694</u>
	<u>2,085</u>	<u>-</u>	<u>11,609</u>	<u>-</u>	<u>13,694</u>
Bonds - 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,920,000</u>	<u>15,920,000</u>
Total liabilities	<u>2,085</u>	<u>-</u>	<u>11,609</u>	<u>15,920,000</u>	<u>15,933,694</u>
Fund Equity					
Investment in improvements	-	-	-	12,717,449	12,717,449
Fund balance (deficit)	<u>1,932</u>	<u>343,985</u>	<u>3,047,232</u>	<u>-</u>	<u>3,393,149</u>
	<u>1,932</u>	<u>343,985</u>	<u>3,047,232</u>	<u>12,717,449</u>	<u>16,110,598</u>
	<u>\$ 4,017</u>	<u>\$ 343,985</u>	<u>\$ 3,058,841</u>	<u>\$ 28,637,449</u>	<u>\$ 32,044,292</u>

Karl's Farm Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Twelve Months Ended December 31, 2021
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 1,877	\$ 1,877	\$ -
Specific ownership taxes	94	-	(94)
Developer advance	48,029	-	(48,029)
Interest income	-	55	55
	<u>50,000</u>	<u>1,932</u>	<u>(48,068)</u>
Expenditures			
Transfer to District 1	49,941	-	49,941
Treasurer's Fees	28	-	28
Contingency	30	-	30
Emergency Reserve	1	-	1
	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (deficiency) of revenues over expenditures	-	1,932	1,932
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ 1,932</u>

Karl's Farm Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Twelve Months Ended December 31, 2021
Capital Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Transfer from District 3	\$ -	\$ 3,699,814	\$ 3,699,814
Developer Advances	-	5,210,455	5,210,455
Interest income	-	983	983
System development fees	-	192,500	192,500
Misc income	-	128,986	128,986
	<u>-</u>	<u>9,232,738</u>	<u>9,232,738</u>
Expenditures			
Repayment of developer note	-	7,652,812	(7,652,812)
Transfer to District 1	-	192,500	(192,500)
Capital outlay	<u>3,412,669</u>	<u>5,210,455</u>	<u>(1,797,786)</u>
	<u>3,412,669</u>	<u>13,055,767</u>	<u>(9,643,098)</u>
Excess (deficiency) of revenues over expenditures	(3,412,669)	(3,823,029)	(410,360)
Fund balance - beginning	<u>3,412,669</u>	<u>4,167,014</u>	<u>754,345</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 343,985</u>	<u>\$ 343,985</u>

Karl's Farm Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Budget and Actual
For the Twelve Months Ended December 31, 2021
Debt Service Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 10,445	\$ 10,445	\$ -
Specific ownership taxes	522	-	(522)
Interest income	<u>-</u>	<u>1,409</u>	<u>1,409</u>
	<u>10,967</u>	<u>11,854</u>	<u>887</u>
Expenditures			
Interest Expense	886,500	886,500	-
Treasurer's Fees	157	-	157
Trustee/Paying Agent Fees	<u>4,000</u>	<u>-</u>	<u>4,000</u>
	<u>890,657</u>	<u>886,500</u>	<u>4,157</u>
Excess (deficiency) of revenues over expenditures	(879,690)	(874,646)	5,044
Fund balance - beginning	<u>3,918,612</u>	<u>3,921,878</u>	<u>3,266</u>
Fund balance - ending	<u>\$ 3,038,922</u>	<u>\$ 3,047,232</u>	<u>\$ 8,310</u>