

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**Weld County, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019**

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1  
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YEAR ENDED DECEMBER 31, 2019**

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## Independent Auditor's Report

Members of the Board of Directors  
Iron Mountain Metropolitan District No. 1

We have audited the accompanying financial statements of the governmental activities and the major funds of Iron Mountain Metropolitan District No. 1 as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Iron Mountain Metropolitan District No. 1, as of December 31, 2019 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other-Matters**

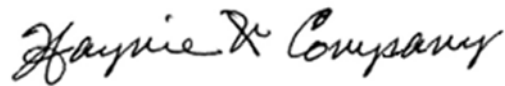
### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iron Mountain Metropolitan District No. 1's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado  
July 09, 2020

## **BASIC FINANCIAL STATEMENTS**

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

|                                   | <u>Governmental<br/>Activities</u> |
|-----------------------------------|------------------------------------|
| <b>ASSETS</b>                     |                                    |
| Cash and Investments              | \$ 9,354                           |
| Cash and Investments - Restricted | 1,428                              |
| Due from Iron Mountain No. 2      | 314                                |
| Due from Iron Mountain No. 3      | 2                                  |
| Accounts Receivable               | 3,378                              |
| Prepaid Expense                   | 6,063                              |
| Total Assets                      | <u>20,539</u>                      |
| <b>LIABILITIES</b>                |                                    |
| Accounts Payable                  | 20,209                             |
| Noncurrent Liabilities:           |                                    |
| Due in More than One Year         | 55,777                             |
| Total Liabilities                 | <u>75,986</u>                      |
| <b>NET POSITION</b>               |                                    |
| Restricted For:                   |                                    |
| Emergency Reserve                 | 1,000                              |
| Debt Service                      | 406                                |
| Unrestricted                      | (56,853)                           |
| Total Net Position                | <u><u>\$ (55,447)</u></u>          |

See accompanying Notes to Basic Financial Statements.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

|   |                   | Program Revenues           |  |  | Net Revenues<br>(Expenses) and<br>Changes in<br>Net Position |
|---|-------------------|----------------------------|--|--|--|
| FUNCTIONS/PROGRAMS                            | Expenses          | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                   |
| Primary Government:                           |                   |                            |  |  |  |
| Governmental Activities:                      |                   |                            |  |  |  |
| General Government                            | \$ 41,923         | \$ -                       | \$ -                                     | \$ -                                   | \$ (41,923)  |
| Interest and Related Costs on Long-Term Debt  | 679,683           | -                          | -  | 4,873,877                              | 4,194,194  |
|   | <u>\$ 721,606</u> | <u>\$ -</u>                | <u>\$ -</u>                              | <u>\$ 4,873,877</u>                    | <u>4,152,271</u>   |
| <br><b>GENERAL REVENUES</b>                   |                   |                            |  |  |  |
| Transfer from Iron Mountain No. 2             |                   |                            |  |  | 172,380  |
| Transfer from Iron Mountain No. 3             |                   |                            |  |  | 1,410  |
| Total General Revenues                        |                   |                            |  |  | <u>173,790</u>   |
| <br><b>CHANGE IN NET POSITION</b>             |                   |                            |  |  |  |
|   |                   |                            |  |  | 4,326,061  |
| Net Position - Beginning of Year, as Restated |                   |                            |  |  | <u>(4,381,508)</u>   |
| <br><b>NET POSITION - END OF YEAR</b>         |                   |                            |  |  |  |
|   |                   |                            |  |  | <u>\$ (55,447)</u>   |

See accompanying Notes to Basic Financial Statements.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

|  | General          | Debt<br>Service | Total<br>Governmental<br>Funds |
|--|------------------|-----------------|--------------------------------|
| <b>ASSETS</b>  |                  |                 |                                |
| Cash and Investments   | \$ 9,354         | \$ -            | \$ 9,354                       |
| Cash and Investments - Restricted  | 1,000            | 428             | 1,428                          |
| Due from Iron Mountain No. 2   | 314              | -               | 314                            |
| Due from Iron Mountain No. 3   | 2                | -               | 2                              |
| Accounts Receivable  | 3,378            | -               | 3,378                          |
| Prepaid Expense  | 6,063            | -               | 6,063                          |
|  | <u>\$ 20,111</u> | <u>\$ 428</u>   | <u>\$ 20,539</u>               |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                  |                 |                                |
| <b>LIABILITIES</b>   |                  |                 |                                |
| Accounts Payable   | \$ 20,187        | \$ 22           | \$ 20,209                      |
| Total Liabilities  | <u>20,187</u>    | <u>22</u>       | <u>20,209</u>                  |
| <b>FUND BALANCES</b>   |                  |                 |                                |
| Nonspendable   |                  |                 |                                |
| Prepaid Expenses   | 6,063            | -               | 6,063                          |
| Restricted   |                  |                 |                                |
| Emergency Reserve  | 1,000            | -               | 1,000                          |
| Debt Service   | -                | 406             | 406                            |
| Unassigned   |                  |                 |                                |
| General Government   | (7,139)          | -               | (7,139)                        |
| Total Fund Balances  | <u>(76)</u>      | <u>406</u>      | <u>330</u>                     |
| Total Liabilities, Deferred Inflows<br>of Resources, and Fund Balances   | <u>\$ 20,111</u> | <u>\$ 428</u>   |                                |

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

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

|                           |                 |
|---------------------------|-----------------|
| Developer Advance Payable | <u>(55,777)</u> |
|---------------------------|-----------------|

|   |                    |
|---|--------------------|
| Net Position of Governmental Activities | <u>\$ (55,447)</u> |
|---|--------------------|

See accompanying Notes to Basic Financial Statements.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | General        | Debt<br>Service  | Total<br>Governmental<br>Funds |
|--|----------------|------------------|--------------------------------|
| <b>REVENUES</b>  |                |                  |                                |
| Transfer from Iron Mountain No. 2                                    | \$ 30,094      | \$ 142,286       | \$ 172,380                     |
| Transfer from Iron Mountain No. 3                                    | 207            | 1,203            | 1,410                          |
| Transfer from Iron Mountain No. 2 - Payoff 2014 Loan                 | -              | 2,028,605        | 2,028,605                      |
| Transfer from Iron Mountain No. 2 - Refund 2011 Bonds                | -              | 2,845,272        | 2,845,272                      |
| Total Revenues   | <u>30,301</u>  | <u>5,017,366</u> | <u>5,047,667</u>               |
| <b>EXPENDITURES</b>  |                |                  |                                |
| Accounting   | 16,559         | -                | 16,559                         |
| Dues   | 774            | -                | 774                            |
| Insurance  | 6,060          | -                | 6,060                          |
| Legal  | 17,998         | -                | 17,998                         |
| Miscellaneous  | 532            | 21               | 553                            |
| Banking Fees   | -              | 2,539            | 2,539                          |
| 2014 Loan - Payoff   | -              | 2,028,605        | 2,028,605                      |
| 2011 Bond - Refunding Escrow   | -              | 2,845,272        | 2,845,272                      |
| 2014 Loan - Interest   | -              | 108,592          | 108,592                        |
| 2014 Loan - Scheduled principal                                      | -              | 35,000           | 35,000                         |
| Total Expenditures   | <u>41,923</u>  | <u>5,020,029</u> | <u>5,061,952</u>               |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (11,622)       | (2,663)          | (14,285)                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                |                  |                                |
| Developer Advance  | 1,000          | 1,000            | 2,000                          |
| Repay Developer Advance  | -              | (1,000)          | (1,000)                        |
| Total Other Financing Sources (Uses)                                 | <u>1,000</u>   | <u>-</u>         | <u>1,000</u>                   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (10,622)       | (2,663)          | (13,285)                       |
| Fund Balances - Beginning of Year                                    | <u>10,546</u>  | <u>3,069</u>     | <u>13,615</u>                  |
| <b>FUND BALANCES - END OF YEAR</b>                                   | <u>\$ (76)</u> | <u>\$ 406</u>    | <u>\$ 330</u>                  |

See accompanying Notes to Basic Financial Statements.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balance - Governmental Fund \$ (13,285)

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

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

|   |              |
|---|--------------|
| 2011 Bond - Refunding (Principal Portion) | 2,282,346    |
| 2014 Loan - Payoff (Principal Portion)    | 2,058,000    |
| Developer Advance                         | (2,000)      |
| Developer Advance Repayment               | 1,000        |
|   | <u>1,000</u> |

Change in Net Position of Governmental Activities \$ 4,326,061

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

|  | Budget Amounts  |                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-----------------|-----------------|-------------------|---|
|  | Original        | Final           |                   |   |
| <b>REVENUES</b>  |                 |                 |                   |   |
| Transfer from Iron Mountain No. 2                                    | 30,397          | 30,135          | 30,094            | (41)  |
| Transfer from Iron Mountain No. 3                                    | 209             | 208             | 207               | (1)   |
| Total Revenues   | <u>30,606</u>   | <u>30,343</u>   | <u>30,301</u>     | <u>(42)</u>   |
| <b>EXPENDITURES</b>  |                 |                 |                   |   |
| Accounting   | 17,000          | 17,000          | 16,559            | 441   |
| Dues   | 800             | 774             | 774               | -   |
| Insurance  | 7,000           | 6,060           | 6,060             | -   |
| Legal  | 8,000           | 21,000          | 17,998            | 3,002   |
| Miscellaneous  | 1,000           | 1,166           | 532               | 634   |
| Contingency  | 1,200           | -               | -                 | -   |
| Total Expenditures   | <u>35,000</u>   | <u>46,000</u>   | <u>41,923</u>     | <u>4,077</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (4,394)         | (15,657)        | (11,622)          | 4,035   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                 |                 |                   |   |
| Developer Advance  | -               | 6,111           | 1,000             | (5,111)   |
| Total Other Financing Sources (Uses)                                 | <u>-</u>        | <u>6,111</u>    | <u>1,000</u>      | <u>(5,111)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | (4,394)         | (9,546)         | (10,622)          | (1,076)   |
| Fund Balance - Beginning of Year                                     | <u>6,182</u>    | <u>10,546</u>   | <u>10,546</u>     | <u>-</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                                    | <u>\$ 1,788</u> | <u>\$ 1,000</u> | <u>\$ (76)</u>    | <u>\$ (1,076)</u>                                       |

See accompanying Notes to Basic Financial Statements.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Iron Mountain Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado under Title 32, Article I of the Colorado Revised Statutes, as amended ("C.R.S"), was organized and approved by the eligible electors of the District at an election held on Tuesday, November 7, 2006. The District was created by order and decree of the District Court in and for Weld County on December 15, 2006. The formation of the District was approved by the Town of Windsor, Colorado in conjunction with the approval by the Town Board of a Consolidated Service Plan for the District, Iron Mountain Metropolitan District No. 2 (District No. 2) and Iron Mountain Metropolitan District No. 3 (District No. 3) on September 24, 2006.

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest, and other related costs on long-term general obligation debt.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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

The District has amended its annual budget for the year ended December 31, 2019.

**Pooled Cash and Investments**

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

**Equity**

**Net Position**

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

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

**Fund Balance**

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

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

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

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

Fund Balance (Continued)

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

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

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

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

**Deficits**

The General Fund reported a deficit in the fund financial statement as of December 31, 2019. The deficit will be eliminated with the receipt of property taxes transferred from District No.2 and District No. 3 in 2020.

**Restatement of Beginning Net Position**

During 2018, the District made \$270,511 payment on the 2011 Bonds. Such payment was a payment of accrued interest, but was recorded as a principal reduction. The District made the adjustment in 2019; consequently, the beginning net position was restated.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

|                                   |           |
|-----------------------------------|-----------|
| Cash and Investments              | \$ 9,354  |
| Cash and Investments - Restricted | 1,428     |
| Total Cash and Investments        | \$ 10,782 |

Cash and investments as of December 31, 2019, consist of the following:

|                                      |           |
|--------------------------------------|-----------|
| Deposits with Financial Institutions | \$ 10,782 |
| Total Cash and Investments           | \$ 10,782 |

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions**

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

At December 31, 2019, the District's cash deposits had a bank and carrying balance of \$10,782.

**Investments**

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

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

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

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

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

As of December 31, 2019, the District had no investments.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2019:

|                            | Balance at<br>December 31,<br>2018 (as restated) | Additions       | Payments/<br>Reductions | Balance at<br>December 31,<br>2019 | Due<br>Within<br>One Year |
|----------------------------|--|-----------------|-------------------------|------------------------------------|---------------------------|
| Governmental activities:   |  |                 |                         |                                    |                           |
| Loan, Series 2014          | \$ 2,058,000                                     | \$ -            | \$ 2,058,000            | \$ -                               | \$ -                      |
| Bonds, Series 2011         | 2,282,346  | -               | 2,282,346               | -                                  | -                         |
| Developer Advances Payable | 54,777   | 2,000           | 1,000                   | 55,777                             | -                         |
| Total                      | <u>\$ 4,395,123</u>                              | <u>\$ 2,000</u> | <u>\$ 4,341,346</u>     | <u>\$ 55,777</u>                   | <u>\$ -</u>               |

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

On September 25, 2014, the District entered in a Loan Agreement with Points West Community Banks to obtain a loan in the amount of \$2,250,000 (Loan). The Loan was due on September 15, 2019, with an interest rate of 5.25%, paid semiannually on June 1 and December 1. The proceeds from this Loan were used to pay a portion of the principal and interest on the Subordinate Taxable Revenue Bonds, Series 2011, to fund capitalized interest for payment of a portion of the Loan interest, and pay the costs of issuing the Loan.

For the purpose of financing public improvements, the District previously issued to the Developer a Taxable Revenue Bonds, Series 2011, in the aggregate principal amount of \$3,995,015, with an interest rate of 7% per annum (Bonds). A portion of the Bonds, plus accrued interest, were paid through the issuance of the Loan on September 25, 2014. The remaining unpaid balance of the Bonds was reissued on September 25, 2014 as Subordinate Taxable Revenue Bond, Series 2011 (Subordinate Bonds). The Bonds with an outstanding balance of \$2,282,345 were scheduled to mature on December 15, 2050, carrying an interest of 7% per annum, and were to be paid from revenues on a basis subordinate to the District's Loan Agreement with Points West Community Bank. The outstanding balance of the Bonds was paid in full during 2019.

On December 5, 2019, the District and District No. 2 adopted a Joint Resolution Regarding Intent to Implement the Common Plan of Finance pursuant to which: (a) the District and District No. 2 declared their mutual intent to implement the Common Plan of Finance set forth and approved in the Service Plan to fund or reimburse from obligations issued by District No. 2 all or a portion of the capital costs related to the facilities to service the Districts (including the refunding of the 2011 Bonds and 2014 Loan); and (b) District No. 2 declared its intent, upon issuance of obligations, to transfer all available proceeds to the District for the payment of such cost, including amounts that may become outstanding from time to time pursuant to the Acquisition and Reimbursement Agreement.

On December 20, 2019, District No. 2 issued \$6,945,000 in Limited Tax General Obligation Refunding and Improvement Bonds, Series 2019A, for the refunding and defeasance of the 2011 Subordinate Bonds and to pay off the 2014 Loan.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 AUTHORIZED DEBT**

At a special election of the eligible electors of the District on November 7, 2006, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities such as streets, parks and recreation, water, sanitation, transportation, mosquito control, traffic and safety, fire protection, TV relay and security, and for the purpose of refunding such indebtedness. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

|                     | Amount<br>Authorized on<br>November 7,<br>2006 | Authorization<br>Used for<br>2011<br>Bonds | Authorization<br>Used for<br>2014<br>Loan | Authorized<br>But<br>Unissued |
|---------------------|--|--|---|-------------------------------|
| Streets             | \$ 20,000,000                                  | \$ (1,289,137)                             | \$ (726,044)                              | \$ 17,984,819                 |
| Water               | 20,000,000                                     | (1,065,035)                                | (599,830)                                 | 18,335,135                    |
| Sanitation          | 20,000,000                                     | (1,640,843)                                | (924,126)                                 | 17,435,031                    |
| Transportation      | 20,000,000                                     | -  | -   | 20,000,000                    |
| Fire Fighting       | 20,000,000                                     | -  | -   | 20,000,000                    |
| Television Relay    | 20,000,000                                     | -  | -   | 20,000,000                    |
| Security Services   | 20,000,000                                     | -  | -   | 20,000,000                    |
| Traffic and Safety  | 20,000,000                                     | -  | -   | 20,000,000                    |
| Park and Recreation | 20,000,000                                     | -  | -   | 20,000,000                    |
| Mosquito Control    | 20,000,000                                     | -  | -   | 20,000,000                    |
| Total               | <u>\$ 200,000,000</u>                          | <u>\$ (3,995,015)</u>                      | <u>\$ (2,250,000)</u>                     | <u>\$ 193,754,985</u>         |

In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any future debt issuances are not determinable.

**NOTE 6 NET POSITION**

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

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or law and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2019, the District had restricted net position of \$1,000 for emergency reserves and \$406 for debt service.

The District has a negative unrestricted net position as of December 31, 2019, mainly due to the outstanding Developer Advances used to pay for prior years' operating and certain debt – related costs.

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Windsor Southgate Development, LLC, a Colorado limited liability company. All members of the Board of Directors are officers or employees of an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

**NOTE 8 AGREEMENTS**

**Operations IGA**

Pursuant to an Operations IGA, Iron Mountain Metropolitan District Nos. 1 – 3 (Districts) have agreed that the District will provide certain operation, maintenance and administrative services benefiting the Districts, and that Iron Mountain Metropolitan District Nos. 2 and 3 will pay all costs related thereto through the imposition of ad valorem property taxes and transferring the net tax revenues to the District.

**Infrastructure Acquisition and Reimbursement Agreement**

On January 18, 2007, the District entered into the Infrastructure Acquisition and Reimbursement Agreement with Windsor Southgate Development, LLC (Developer) pursuant to which the District agreed to acquire certain public improvements constructed by the Developer and to reimburse the Developer for costs of such public improvements.

**NOTE 9 RISK MANAGEMENT**

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

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

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

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2019, the District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR.

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

## **SUPPLEMENTARY INFORMATION**

**IRON MOUNTAIN METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

|   | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|-------------------|---|
|   | Original         | Final            |                   |   |
| <b>REVENUES</b>                                       |                  |                  |                   |   |
| Transfer from Iron Mountain No. 2                     | \$ 178,869       | \$ 142,286       | \$ 142,286        | \$ -  |
| Transfer from Iron Mountain No. 3                     | 1,231            | 1,219            | 1,203             | (16)  |
| Transfer from Iron Mountain No. 2 - Payoff 2014 Loan  | -                | 2,028,605        | 2,028,605         | -   |
| Transfer from Iron Mountain No. 2 - Refund 2011 Bonds | -                | 2,845,272        | 2,845,272         | -   |
| Loan proceeds   | 2,054,272        | -                | -                 | -   |
| Total Revenues  | <u>2,234,372</u> | <u>5,017,382</u> | <u>5,017,366</u>  | <u>(16)</u>   |
| <b>EXPENDITURES</b>                                   |                  |                  |                   |   |
| Banking Fees  | -                | 2,539            | 2,539             | -   |
| Miscellaneous   | -                | 92               | 21                | 71  |
| 2014 Loan - Payoff                                    | 2,054,272        | 2,028,605        | 2,028,605         | -   |
| 2011 Bond - Refunding Escrow                          | -                | 2,845,272        | 2,845,272         | -   |
| 2014 Loan - Interest                                  | 54,623           | 108,592          | 108,592           | -   |
| 2014 Loan - Scheduled principal                       | 35,000           | 35,000           | 35,000            | -   |
| Loan Issue Costs                                      | 90,000           | -                | -                 | -   |
| Contingency   | 3,496            | -                | -                 | -   |
| Total Expenditures                                    | <u>2,237,391</u> | <u>5,020,100</u> | <u>5,020,029</u>  | <u>71</u>   |
| <b>EXCESS (DEFICIENCY) OVER (UNDER)</b>               |                  |                  |                   |   |
| <b>EXPENDITURES</b>                                   | (3,019)          | (2,718)          | (2,663)           | 55  |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                  |                  |                   |   |
| Developer Advance                                     | -                | 1,000            | 1,000             | -   |
| Repay Developer Advance                               | -                | (1,000)          | (1,000)           | -   |
| Total Other Financing Sources (Uses)                  | <u>-</u>         | <u>-</u>         | <u>-</u>          | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                     | (3,019)          | (2,718)          | (2,663)           | 55  |
| Fund Balance - Beginning of Year                      | <u>3,019</u>     | <u>3,069</u>     | <u>3,069</u>      | <u>-</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                     | <u>\$ -</u>      | <u>\$ 351</u>    | <u>\$ 406</u>     | <u>\$ 55</u>  |