

**ASPEN HILLS METROPOLITAN DISTRICT  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**


**YEAR ENDED DECEMBER 31, 2020**


**ASPEN HILLS METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**


<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES,         EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF         GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCES (DEFICIT) – BUDGET AND ACTUAL</b>	<b>6</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>7</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL</b>	<b>20</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND     ACTUAL</b>	<b>21</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>23</b>
<b>SCHEDULE OF DEBT MATURITY</b>	<b>24</b>



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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors

Aspen Hills Metropolitan District  
Adams County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Aspen Hills Metropolitan District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Aspen Hills Metropolitan District, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Aspen Hills Metropolitan District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

#### **Other Matters**

##### *Required Supplementary Information*

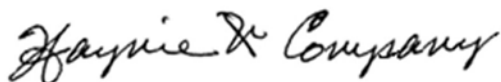
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 opinions on the financial statements that collectively comprise Aspen Hills Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information section, as listed in the table of contents, not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Littleton, Colorado  
May 10, 2021

## **BASIC FINANCIAL STATEMENTS**

**ASPEN HILLS METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 5,180
Cash and Investments - Restricted	912,373
Receivable from County Treasurer	892
Prepaid Expense	2,475
Property Taxes Receivable	200,236
Capital Assets:	
Capital Assets, Not Being Depreciated	776,241
Total Assets	1,897,397
<b>LIABILITIES</b>	
Accounts Payable	47,395
Accrued Interest Payable	1,477
Noncurrent Liabilities:	
Due Within One Year	72,000
Due in More Than One Year	2,029,426
Total Liabilities	2,150,298
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	200,236
Total Deferred Inflows of Resources	200,236
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	1,000
Unrestricted	(454,137)
Total Net Position	\$ (453,137)

See accompanying Notes to Basic Financial Statements.



**ASPEN HILLS METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 5,180	\$ -	\$ -	\$ 5,180
Cash and Investments - Restricted	1,000	11,318	900,055	912,373
Receivable from County Treasurer	-	892	-	892
Prepaid Insurance	2,475	-	-	2,475
Property Tax Receivable	38,055	162,181	-	200,236
Total Assets	\$ 46,710	\$ 174,391	\$ 900,055	\$ 1,121,156
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 27,544	\$ 14,964	\$ 4,887	\$ 47,395
Total Liabilities	27,544	14,964	4,887	47,395
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	38,055	162,181	-	200,236
Total Deferred Inflows or Resources	38,055	162,181	-	200,236
<b>FUND BALANCES</b>				
Nonspendable for:				
Prepaid Expense	2,475	-	-	2,475
Restricted for:				
Emergency Reserves	1,000	-	-	1,000
Capital Projects	-	-	895,168	895,168
Unassigned	(22,364)	(2,754)	-	(25,118)
Total Fund Balances	(18,889)	(2,754)	895,168	873,525
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 46,710	\$ 174,391	\$ 900,055	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				776,241
Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Loan Payable				(2,037,000)
Accrued Loan Interest				(1,477)
Developer Advance Payable				(45,700)
Accrued Interest on Developer Advances				(18,726)
Net Position of Governmental Activities				\$ (453,137)

See accompanying Notes to Basic Financial Statements.

**ASPEN HILLS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 30,984	\$ 132,048	\$ -	\$ 163,032
Specific Ownership Taxes	-	11,965	-	11,965
Facilities Fees	-	11,500	-	11,500
Net Investment Income	25	196	55	276
Total Revenues	<u>31,009</u>	<u>155,709</u>	<u>55</u>	<u>186,773</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	21,607	-	-	21,607
County Treasurer's Fees	465	1,981	-	2,446
Dues and Licenses	271	-	-	271
Directors' Fees	1,500	-	-	1,500
Insurance	2,410	-	-	2,410
Election	772	-	-	772
Legal	21,038	-	4,887	25,925
Payroll Taxes	115	-	-	115
Debt Service:				
Bond Interest - Series 2004	-	116,943	-	116,943
Bond Principal - Series 2004	-	1,065,000	-	1,065,000
Debt Issuance Cost	-	114,064	-	114,064
Paying Agent Fees	-	1,150	-	1,150
Total Expenditures	<u>48,178</u>	<u>1,299,138</u>	<u>4,887</u>	<u>1,352,203</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(17,169)	(1,143,429)	(4,832)	(1,165,430)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from (to) Other Funds	-	(900,000)	900,000	-
Debt Proceeds	-	2,037,000	-	2,037,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,137,000</u>	<u>900,000</u>	<u>2,037,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(17,169)	(6,429)	895,168	871,570
Fund Balances (Deficits) - Beginning of Year	<u>(1,720)</u>	<u>3,675</u>	<u>-</u>	<u>1,955</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u><u>\$ (18,889)</u></u>	<u><u>\$ (2,754)</u></u>	<u><u>\$ 895,168</u></u>	<u><u>\$ 873,525</u></u>

See accompanying Notes to Basic Financial Statements.

**ASPEN HILLS METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$ 871,570
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Amounts reported for governmental activities in the statement of activities are different because:

Long-term debt (e.g., bonds) 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. 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.

Debt Proceeds	(2,037,000)
Bond Principal Repayment	1,065,000

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

Accrued Developer Advance Interest - Change in Liability	(3,200)
Accrued Debt Interest - Change in Liability	40,103

Changes in Net Position of Governmental Activities	<u>\$ (63,527)</u>
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**ASPEN HILLS METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 31,142	\$ 31,142	\$ 30,984	\$ (158)
Other Revenue	-	20,000	-	(20,000)
Interest income	200	200	25	(175)
Total Revenues	<u>31,342</u>	<u>51,342</u>	<u>31,009</u>	<u>(20,333)</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	12,000	21,607	21,607	-
Legal	8,000	21,038	21,038	-
Insurance	2,500	2,500	2,410	90
Dues and Licenses	300	300	271	29
County Treasurer's Fees	467	467	465	2
Directors' Fees	1,500	1,500	1,500	-
Payroll Tax	115	77	115	(38)
Election	-	772	772	-
Repay Developer Advance	3,000	-	-	-
Contingency	2,618	1,239	-	1,239
Total Expenditures	<u>30,500</u>	<u>49,500</u>	<u>48,178</u>	<u>1,322</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	842	1,842	(17,169)	(19,011)
Fund Balance (Deficit) - Beginning of Year	<u>1,161</u>	<u>(1,720)</u>	<u>(1,720)</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 2,003</u>	<u>\$ 122</u>	<u>\$ (18,889)</u>	<u>\$ (19,011)</u>

See accompanying Notes to Basic Financial Statements.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Aspen Hills Metropolitan District, a quasi-municipal corporation, was organized in November 18, 2002 and is governed pursuant to provisions of Colorado Special District Act. The District's service area is located entirely within the boundaries of the City of Commerce City (City) in Adams County, Colorado. The District was established to provide financing for the construction and installation of street, park and recreation, water, sanitary and storm sewer, and safety protection improvements. The District intends to dedicate these improvements to the City for the use and benefit of the District taxpayers.

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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. 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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**Budgets**

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

The District amended its budget for the year ended December 31, 2020.

**Facilities Fees**

On April 28, 2004, the District adopted a resolution imposing a Facilities Fee in the amount of \$500 per dwelling unit. The Facilities Fee is due and payable at the time any dwelling unit is purchased for occupancy or lease. The Facilities Fee, until paid, shall be deemed a perpetual lien against the property. Prior to the repayment of the Series 2004 Bonds, the Facilities Fees were pledged revenue toward the payment of debt service on the Series 2004 Bonds. As of December 31, 2020, the Facilities Fees are capital revenue, to be used for the purchase or construction of capital improvements.

**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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Capital Assets**

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

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

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

**Deferred Inflows of Resources**

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

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Equity**

Net Position

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

Fund Balance

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

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

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

*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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Deficits**

At December 31, 2020, the General Fund reported a deficit of \$(18,889) and the Debt Service Fund reported a deficit of \$(2,754) in the fund financial statements. It is anticipated that these deficits will be eliminated with the receipt of property taxes and specific ownership taxes in 2021.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 5,180
Cash and Investments - Restricted	912,373
Total Cash and Investments	<u>\$ 917,553</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with Financial Institutions	\$ 909,446
Investments	8,107
Total Cash and Investments	<u>\$ 917,553</u>

**Deposits with Financial Institutions**

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

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

At December 31, 2020, the District's deposits with financial institutions had a bank balance and a carry balance of \$909,446, of which \$250,786 is insured through the FDIC. The remaining balance is collateralized through single institution pools.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Investments**

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

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

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

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

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

As of December 31, 2020 the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 7,511
Morgan Stanley Institutional Liquidity Fund - Treasury	Weighted Average Under 52 Days	596
		<u>\$ 8,107</u>

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Morgan Stanley Institutional Liquidity Fund – Treasury**

The Series 2004 bond money that is included in the trust accounts at United Missouri Bank (UMB) is invested in the Morgan Stanley Institutional Liquidity Fund – Treasury (MSILF). This portfolio is an institutional mutual fund which invests in U.S. Treasury debt and repurchase agreements. The MSILF is rated AAAM by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance - December 31, 2019	Additions	Reductions	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 776,241	\$ -	\$ -	\$ 776,241
Total Capital Assets, Not Being Depreciated	<u>\$ 776,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 776,241</u>

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
<b>Bonds Payable</b>					
Limited Tax General Obligation Bonds					
Series 2004 - Principal	\$ 1,065,000	\$ -	\$ 1,065,000	\$ -	\$ -
Series 2004 - Accrued Interest	41,580	75,363	116,943	-	-
<b>Subtotal of Bonds Payable</b>	<u>1,106,580</u>	<u>75,363</u>	<u>1,181,943</u>	<u>-</u>	<u>-</u>
<b>Loans from Direct Borrowings</b>					
Tax-Free Refunding Loan - Series 2020	-	2,037,000	-	2,037,000	72,000
<b>Subtotal of Loans from Direct Borrowings</b>	<u>-</u>	<u>2,037,000</u>	<u>-</u>	<u>2,037,000</u>	<u>72,000</u>
<b>Other Debts</b>					
Developer Advances - Operations	45,700	-	-	45,700	-
Accrued Interest on Developer Advances - Operations	15,526	3,200	-	18,726	-
<b>Subtotal of Other Debts</b>	<u>61,226</u>	<u>3,200</u>	<u>-</u>	<u>64,426</u>	<u>-</u>
<b>Total Long-Term Obligations</b>	<u>\$ 1,167,806</u>	<u>\$ 2,115,563</u>	<u>\$ 1,181,943</u>	<u>\$ 2,101,426</u>	<u>\$ 72,000</u>

The detail of the District's long-term obligation is as follows:

**Tax-Free Refunding Loan – Series 2020A**

On December 23, 2020, the District issued a tax-free refunding loan (2020 Loan) in the amount of \$2,037,000 from NBH Bank at a fixed interest rate of 2.90% per annum. Interest is due on June 1 and December 1 beginning on June 1, 2021, and principal is due on December 1, beginning on December 1, 2021. The loan matures on December 1, 2040.

Proceeds of the 2020 Loan were used to (1) repay in full the District's Series 2004 General Obligation Bonds, (2) fund future capital improvements of the District, and (3) pay the cost of issuance of the 2020 Loan.

The 2020 Loan is secured by (1) the required mill levy, (2) that portion of the specific ownership taxes collected as the result of the required mill levy, and (3) any other legally available moneys which the Board determines to apply as pledged revenue. The required mill levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with moneys held in the loan payment fund, to pay the principal of and interest on the loan when due, but not in excess of 50 mills, subject to adjustment for any changes in the method of calculating assessed valuation since 2002. The adjusted maximum required mill levy for the 2021 budget is 63.986. When the debt to assessed ratio is 50% or less, the required mill levy is an ad valorem mill levy imposed upon all property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the loan when due, without limitation of rate and in amounts sufficient to make such payments when due. At December 31, 2020, the debt to assessed ratio was 80.4%.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)**

**Tax-Free Refunding Loan – Series 2020A (Continued)**

The District's long-term obligations relating to the 2020 Loan will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 72,000	\$ 55,463	\$ 127,463
2022	79,000	56,985	135,985
2023	81,000	54,694	135,694
2024	84,000	52,345	136,345
2025	86,000	49,909	135,909
2026-2030	470,000	210,569	680,569
2031-2035	541,000	138,475	679,475
2036-2040	624,000	55,303	679,303
Total	<u>\$ 2,037,000</u>	<u>\$ 673,743</u>	<u>\$ 2,710,743</u>

**Authorized Debt**

On November 8, 2002, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$26,100,000 at an interest rate not to exceed 18% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized November 8, 2002	Authorization Used - Series 2004 Bonds	Authorization Used - Series 2020 Loan	Authorized But Unissued
Street Improvements	\$ 7,540,000	\$ 499,562	\$ 796,232	\$ 6,244,206
Parks and Recreation	1,300,000	-	110,218	1,189,782
Water	780,000	133,401	-	646,599
Sanitation/Storm Sewer Operations	2,210,000	467,037	-	1,742,963
	100,000	-	-	100,000
Safety Protection	1,170,000	-	43,707	1,126,293
Refunding purposes	13,000,000	-	63,843	12,936,157
Total	<u>\$ 26,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,014,000</u>	<u>\$ 23,986,000</u>

**Developer Advances**

In 2004, the District entered into an Advance and Reimbursement Agreement (Old Agreement) with the Developer. In 2016, the Old Agreement was terminated and all advances under the Old Agreement were assigned to a new Advance and Reimbursement Agreement (New Agreement). Advances under the New Agreement accrue interest at the rate of 6% per annum. Developer advances are not general obligation debt. Payments under the New Agreement are subject to annual appropriation from available funds not needed for operations or debt service.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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 laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations. The District had restricted net position as of December 31, 2020 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 1,000
Total	\$ 1,000

The District has a deficit in unrestricted net position. This deficit amount is due mainly to the establishment of a capitalized interest fund for the 2004 series bonds and the prior and current payment of cost of issuance expenses that were funded with debt proceeds.

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Amber Development, Inc. (the Developer). The majority members of the Board of Directors are employees of, owners of, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**NOTE 8 INTERFUND TRANSFERS**

The transfer of \$900,000 from the Debt Service Fund to the Capital Projects Fund was to debt proceeds issued for the acquisition of capital 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 (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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

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

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

Article X, Section 20 of the Colorado Constitution, referred to 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 limits must be refunded unless the voters approve retention of such revenue.

On November 8, 2002, a majority of the District's electors authorized the District to collect and spend or retain any revenue from fees other than ad valorem property taxes of the District without regard to any limitations under TABOR.

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.

## **SUPPLEMENTARY INFORMATION**

**ASPEN HILLS METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 132,718	\$ 132,048	\$ 132,048	\$ -
Specific Ownership Taxes	13,100	11,900	11,965	65
Facilities Fees	34,500	12,000	11,500	(500)
Net Investment Income	900	200	196	(4)
Total Revenues	<u>181,218</u>	<u>156,148</u>	<u>155,709</u>	<u>(439)</u>
<b>EXPENDITURES</b>				
Debt Service:				
County Treasurer's Fees	1,991	1,981	1,981	-
Bond Interest - Series 2004	110,073	116,943	116,943	-
Bond Principal - Series 2004	69,000	1,065,000	1,065,000	-
Debt Issuance Cost	-	120,530	114,064	6,466
Paying Agent Fees	1,150	1,725	1,150	575
Contingency	786	1,821	-	1,821
Total Expenditures	<u>183,000</u>	<u>1,308,000</u>	<u>1,299,138</u>	<u>8,862</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,782)	(1,151,852)	(1,143,429)	8,423
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds	-	2,050,000	2,037,000	(13,000)
Transfers from (to) Other Funds	-	(900,000)	(900,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,150,000</u>	<u>1,137,000</u>	<u>(13,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,782)	(1,852)	(6,429)	(4,577)
Fund Balance - Beginning of Year	<u>2,417</u>	<u>3,675</u>	<u>3,675</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 635</u>	<u>\$ 1,823</u>	<u>\$ (2,754)</u>	<u>\$ (4,577)</u>

**ASPEN HILLS METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Net Investment Income	\$ -	\$ -	\$ 55	\$ 55
Total Revenues	-	-	55	55
<b>EXPENDITURES</b>				
Legal	-	-	4,887	(4,887)
Parks and Recreation	-	142,000	-	142,000
Streets	-	438,000	-	438,000
Storm Drainage	-	45,000	-	45,000
Total Expenditures	-	625,000	4,887	620,113
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	-	(625,000)	(4,832)	620,168
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from (to) Other Funds	-	900,000	900,000	-
Total Other Financing Sources	-	900,000	900,000	-
<b>NET CHANGE IN FUND BALANCE</b>				
	-	275,000	895,168	620,168
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 275,000</b>	<b>\$ 895,168</b>	<b>\$ 620,168</b>

## **OTHER INFORMATION**

**ASPEN HILLS METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION,  
MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ 1,042,370	75.470	\$ 78,668	\$ 86,309	109.71 %
2017	1,042,360	75.470	78,666	88,332	112.29
2018	1,430,380	83.000	118,722	118,722	100.00
2019	1,430,550	79.000	113,013	113,013	100.00
2020	2,063,700	79.000	163,032	163,032	100.00
Estimated for Year Ending December 31, 2021	\$ 2,534,630	79.000	\$ 200,236		

**NOTE:**

Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

**ASPEN HILLS METROPOLITAN DISTRICT  
SCHEDULE OF DEBT MATURITY  
DECEMBER 31, 2020**

<u>Year Ended December 31,</u>	\$2,030,000 Tax-Free Refunding Loan Series 2020A Dated December 23, 2020 Principal Due December 1 Interest Rate 2.90% Payable June 1 and December 1		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 72,000	\$ 55,463	\$ 127,463
2022	79,000	56,985	135,985
2023	81,000	54,694	135,694
2024	84,000	52,345	136,345
2025	86,000	49,909	135,909
2026	89,000	47,415	136,415
2027	91,000	44,834	135,834
2028	94,000	42,195	136,195
2029	97,000	39,469	136,469
2030	99,000	36,656	135,656
2031	102,000	33,785	135,785
2032	105,000	30,827	135,827
2033	108,000	27,782	135,782
2034	111,000	24,650	135,650
2035	115,000	21,431	136,431
2036	118,000	18,096	136,096
2037	121,000	14,674	135,674
2038	125,000	11,165	136,165
2039	128,000	7,540	135,540
2040	132,000	3,828	135,828
<b>Total</b>	<b>\$ 2,037,000</b>	<b>\$ 673,743</b>	<b>\$ 2,710,743</b>