

**SPRING MESA METROPOLITAN
DISTRICT
Jefferson County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**SPRING MESA METROPOLITAN DISTRICT
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Independent Auditor's Report

Board of Directors
Spring Mesa Metropolitan District
Jefferson County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Spring Mesa 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.

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 an opinion 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 from 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Spring Mesa Metropolitan District as of December 31, 2020, and the respective changes in financial position and the respective 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

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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.

The other information and continuing disclosure annual financial information, as listed in the table of contents, has not been subject 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.

Sincerely,



Wipfli LLP
Lakewood, Colorado
July 20, 2021

BASIC FINANCIAL STATEMENTS

**SPRING MESA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 89,910
Cash and Investments - Restricted	142,540
Receivable from County Treasurer	2,564
Prepaid Expense	9,657
Accounts Receivable	2,335
Property Taxes Receivable	686,400
Bond Insurance, Net of Amortization	26,469
Capital Assets, Net of Accumulated Depreciation	23,923
Total Assets	983,798
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding, Net of Amortization	133,890
Total Deferred Outflows of Resources	133,890
LIABILITIES	
Accounts Payable	20,480
Prepaid Assessments	5,893
Accrued Interest Payable	21,838
Noncurrent Liabilities:	
Due Within one Year	188,827
Due in More Than One Year	6,713,112
Total Liabilities	6,950,150
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	686,400
Total Deferred Inflows of Resources	686,400
NET POSITION	
Investment in Capital Assets	23,923
Restricted for:	
Emergency Reserves	9,300
Debt Service	117,466
Unrestricted	(6,669,551)
Total Net Position	\$ (6,518,862)

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 282,566	\$ 310,142	\$ -	\$ -	\$ 27,576
Interest and Related Costs on Long-Term Debt	262,133	-	-	-	(262,133)
Total Governmental Activities	\$ 544,699	\$ 310,142	\$ -	\$ -	(234,557)
GENERAL REVENUES					
Property Taxes					385,698
Specific Ownership Taxes					28,827
Interest Income					2,335
Total General Revenues					416,860
CHANGE IN NET POSITION					182,303
Net Position - Beginning of Year					(6,701,165)
NET POSITION - END OF YEAR					\$ (6,518,862)

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 55,070	\$ -	\$ 34,840	\$ 89,910
Cash and Investments - Restricted	9,300	133,240	-	142,540
Receivable from County Treasurer	-	2,564	-	2,564
Prepaid Expense	6,157	3,500	-	9,657
Accounts Receivable	2,335	-	-	2,335
Property Taxes Receivable	300,295	386,105	-	686,400
	<u>\$ 373,157</u>	<u>\$ 525,409</u>	<u>\$ 34,840</u>	<u>\$ 933,406</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 20,480	\$ -	\$ -	\$ 20,480
Prepaid Assessments	5,893	-	-	5,893
Total Liabilities	<u>26,373</u>	<u>-</u>	<u>-</u>	<u>26,373</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	300,295	386,105	-	686,400
Total Deferred Inflows of Resources	<u>300,295</u>	<u>386,105</u>	<u>-</u>	<u>686,400</u>
FUND BALANCES:				
Nonspendable:				
Prepaid Expense	6,157	3,500	-	9,657
Restricted:				
Emergency Reserves (TABOR)	9,300	-	-	9,300
Debt Service	-	135,804	-	135,804
Assigned:				
General Fund Reserve	6,200	-	-	6,200
Capital Projects	-	-	34,840	34,840
Unassigned:				
General Government	24,832	-	-	24,832
Total Fund Balances	<u>46,489</u>	<u>139,304</u>	<u>34,840</u>	<u>220,633</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 373,157</u>	<u>\$ 525,409</u>	<u>\$ 34,840</u>	

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.

Capital Assets, Net of Accumulated Depreciation 23,923

Other assets and deferred outflows of resources are not financial resources and, therefore, are not reported in the funds.

Cost of Refunding, Net of Amortization 133,890
Bond Insurance, Net of Amortization 26,469

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

Bonds Payable (6,630,000)
Original Issue Premium (271,939)
Accrued Interest Payable - Bonds (21,838)

Net Position of Governmental Activities \$ (6,518,862)

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Assessments	\$ 310,142	\$ -	\$ -	\$ 310,142
Interest Income	253	2,031	51	2,335
Property Taxes	-	385,698	-	385,698
Specific Ownership Taxes	-	28,827	-	28,827
Total Revenues	<u>310,395</u>	<u>416,556</u>	<u>51</u>	<u>727,002</u>
EXPENDITURES				
General, Administrative and Operating:				
Accounting	15,001	-	-	15,001
Administration (Billing Services)	12,165	-	-	12,165
Audit	3,700	-	-	3,700
County Treasurer's Fee	-	5,785	-	5,785
Dues	520	-	-	520
District Management	27,005	-	-	27,005
Election	1,423	-	-	1,423
Insurance	6,038	-	-	6,038
Irrigation Repair	8,873	-	-	8,873
Landscape Maintenance	58,922	-	-	58,922
Landscape Projects	28,469	-	-	28,469
Legal	13,536	-	-	13,536
Miscellaneous	7,077	-	-	7,077
Open Space Maintenance	45,000	-	-	45,000
Pond Maintenance	14,276	-	-	14,276
Snow Removal	6,386	-	-	6,386
Underdrain Maintenance	1,132	-	-	1,132
Utilities	24,494	-	-	24,494
Capital Expenditures:				
Pond Projects	-	-	1,750	1,750
New Sidewalk and Gutter	-	-	12,371	12,371
Debt Service:				
Bond Interest	-	267,000	-	267,000
Bond Principal	-	165,000	-	165,000
Paying Agent Fees	-	3,500	-	3,500
Total Expenditures	<u>274,017</u>	<u>441,285</u>	<u>14,121</u>	<u>729,423</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,378	(24,729)	(14,070)	(2,421)
OTHER FINANCING SOURCES (USES)				
Transfers from to (from) Other Funds	(25,000)	-	25,000	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,378	(24,729)	10,930	(2,421)
Fund Balances - Beginning of Year	<u>35,111</u>	<u>164,033</u>	<u>23,910</u>	<u>223,054</u>
FUND BALANCES - END OF YEAR	<u>\$ 46,489</u>	<u>\$ 139,304</u>	<u>\$ 34,840</u>	<u>\$ 220,633</u>

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
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, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (2,421)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report, as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	12,371
Depreciation	(1,014)

The issuance of long-term debt provides current financial resources to government funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Current Year Bond Principal Payment	165,000
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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 Interest Payable - Bonds - Change in Liability	412
Amortization:	
Bond Premium	19,182
Bond Insurance	(1,825)
Cost of Refunding	(9,402)
	(9,402)

Change in Net Position of Governmental Activities	\$ 182,303
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**SPRING MESA METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Assessments	\$ 300,288	\$ 310,142	\$ 9,854
Interest Income	250	253	3
Total Revenues	<u>300,538</u>	<u>310,395</u>	<u>9,857</u>
EXPENDITURES			
Accounting	15,000	15,001	(1)
Administration (Billing Services)	5,000	12,165	(7,165)
Audit	3,700	3,700	-
Dues	550	520	30
District Management	30,000	27,005	2,995
Election	1,500	1,423	77
Insurance	6,900	6,038	862
Irrigation Repair	15,000	8,873	6,127
Landscape Maintenance	50,000	58,922	(8,922)
Landscape Projects	40,000	28,469	11,531
Legal	6,000	13,536	(7,536)
Miscellaneous	8,000	7,077	923
Open Space Maintenance	45,000	45,000	-
Pond Maintenance	8,000	14,276	(6,276)
Snow Removal	15,000	6,386	8,614
Underdrain Maintenance	5,000	1,132	3,868
Utilities	25,000	24,494	506
Contingency/Emergency Reserve	5,350	-	5,350
Total Expenditures	<u>285,000</u>	<u>274,017</u>	<u>10,983</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,538	36,378	20,840
OTHER FINANCING SOURCES (USES)			
Transfers (to) from Other Funds	<u>(25,000)</u>	<u>(25,000)</u>	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	-
NET CHANGE IN FUND BALANCE	(9,462)	11,378	20,840
Fund Balance - Beginning of Year	<u>28,214</u>	<u>35,111</u>	<u>6,897</u>
FUND BALANCE - END OF YEAR	<u>\$ 18,752</u>	<u>\$ 46,489</u>	<u>\$ 27,737</u>

See accompanying Notes to Basic Financial Statements.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Spring Mesa Metropolitan District (the District) was originally formed as the Eldorado Hills Metropolitan District on April 16, 1991, as a quasi-municipal organization established under the State of Colorado Special District Act. The District legally changed its name to Spring Mesa Metropolitan District in September 2003. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes and assessments. The District is governed by an elected Board of Directors. The District's service area is located in the City of Arvada, in Jefferson County, Colorado.

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 property 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.

**SPRING MESA 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and assessments. 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 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 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.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Local Government 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.

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.

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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of two years. 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.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets conveyed to other governmental entities are removed from the financial records, are not depreciated, and are not included in the calculation of net investment in capital assets component of the District's net position.

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 capital assets, as applicable, using the straight-line method.

Prior to the year ended December 31, 2010, the District conveyed most of the capital assets to the City of Arvada that were constructed and acquired using bond proceeds.

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows/Outflows 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.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

**SPRING MESA 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.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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	\$ 89,910
Cash and Investments - Restricted	<u>142,540</u>
Total Cash and Investments	<u><u>\$ 232,450</u></u>

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

Deposits with Financial Institutions	\$ 59,820
Investments	<u>172,630</u>
Total Cash and Investments	<u><u>\$ 232,450</u></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 cash deposits had a bank balance and a carrying balance of \$59,820.

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.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 172,630

COLOTRUST

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

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

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

Governmental Activities:	Balance - December 31, 2019	Additions	Transfers and Retirements	Balance - December 31, 2020
Capital Assets, Being Depreciated:				
Toe and Interceptor Drains	\$ 14,100	\$ -	\$ -	\$ 14,100
Sidewalk & Gutters	-	12,371	-	12,371
Total Capital Assets, Being Depreciated	14,100	12,371	-	26,471
Less Accumulated Depreciation For:				
Toe and Interceptor Drains	(1,534)	(705)	-	(2,239)
Sidewalk & Gutters	-	(309)	-	(309)
Total of Capital Assets Depreciation	(1,534)	(1,014)	-	(2,548)
Capital Assets, Net	<u>\$ 12,566</u>	<u>\$ 11,357</u>	<u>\$ -</u>	<u>\$ 23,923</u>

At December 31, 2020, depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	<u>\$ 1,014</u>

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
General Obligation Refunding Bonds Series 2015	\$ 6,795,000	\$ -	\$ 165,000	\$ 6,630,000	\$ 170,000
General Obligation Refunding Bonds Series 2015 - Premium	291,121	-	19,182	271,939	18,827
Total	<u>\$ 7,086,121</u>	<u>\$ -</u>	<u>\$ 184,182</u>	<u>\$ 6,901,939</u>	<u>\$ 188,827</u>

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Refunding Bonds, Series 2015

On December 11, 2015, the District issued \$7,420,000 of General Obligation Refunding Bonds, Series 2015 (Series 2015 Bonds) for the purpose of refunding all of the District's outstanding Convertible Capital Appreciation Limited Tax General Obligation Bonds, Series 2006, and the Subordinate Limited Tax General Obligation Bonds, Series 2010 (Refunded Bonds), and paying the cost of issuing the Series 2015 Bonds. The Series 2015 Bonds bear interest between the rates of 2.00% - 4.25%, payable semiannually on each June 1 and December 1, commencing on June 1, 2016. The Series 2015 Bonds are due December 1, 2044.

The Series 2015 Bonds maturing on or after December 1, 2026 are subject to an early redemption at the option of the District, in whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities on December 1, 2025, and on any date thereafter, at the redemption price equal to the principal amount to be redeemed plus accrued interest thereon to the date of redemption. The Series 2015 Bonds are payable from property taxes imposed upon all taxable property within the District.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 170,000	\$ 262,050	\$ 432,050
2022	175,000	256,950	431,950
2023	185,000	251,700	436,700
2024	190,000	244,300	434,300
2025	200,000	236,700	436,700
2026-2030	1,110,000	1,058,100	2,168,100
2031-2035	1,360,000	810,786	2,170,786
2036-2040	1,665,000	507,463	2,172,463
2041-2044	1,575,000	157,101	1,732,101
Total	<u>\$ 6,630,000</u>	<u>\$ 3,785,150</u>	<u>\$ 10,415,150</u>

The District has not budgeted to issue any additional debt in 2021. Per the District's Service Plan, the District cannot issue debt in excess of \$10,500,000 for capital costs.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings, if applicable, that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, the District had investment in capital assets (i.e., no applicable debt) in the amount of \$23,923.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 NET POSITION (CONTINUED)

The restricted component of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2020, the District had restricted net position of \$9,300 for emergency reserves and \$117,466 for debt service.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District has a deficit in unrestricted net position as of December 31, 2020. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 8 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.

**SPRING MESA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 4, 2003 a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under 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

**SPRING MESA METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 385,698	\$ 385,698	\$ -
Specific Ownership Taxes	30,856	28,827	(2,029)
Interest Income	1,500	2,031	531
Total Revenues	<u>418,054</u>	<u>416,556</u>	<u>(1,498)</u>
EXPENDITURES			
Bond Interest	267,000	267,000	-
Bond Principal	165,000	165,000	-
Paying Agent Fees	3,500	3,500	-
County Treasurer's Fees	5,785	5,785	-
Total Expenditures	<u>441,285</u>	<u>441,285</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(23,231)	(24,729)	(1,498)
Fund Balance - Beginning of Year	<u>163,666</u>	<u>164,033</u>	<u>367</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 140,435</u></u>	<u><u>\$ 139,304</u></u>	<u><u>\$ (1,131)</u></u>

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 240	\$ 51	\$ (189)
Total Revenues	<u>240</u>	<u>51</u>	<u>(189)</u>
EXPENDITURES			
Pond Projects	44,150	1,750	42,400
Underdrain Projects	5,000	-	5,000
New Sidewalk and Gutter	-	12,371	(12,371)
Total Expenditures	<u>49,150</u>	<u>14,121</u>	<u>35,029</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(48,910)	(14,070)	34,840
OTHER FINANCING SOURCES (USES)			
Transfer from (to) Other Funds	25,000	25,000	-
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(23,910)	10,930	34,840
Fund Balance - Beginning of Year	<u>23,910</u>	<u>23,910</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 34,840</u>	<u>\$ 34,840</u>

OTHER INFORMATION

**SPRING MESA 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		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 14,405,086	0.000	31.000	\$ 446,558	\$ 449,658	100.69%
2017	14,408,303	0.000	29.000	417,841	417,841	100.00
2018	13,834,265	0.000	29.000	401,194	401,197	100.00
2019	13,839,524	0.000	29.000	401,346	401,346	100.00
2020	15,742,785	0.000	24.500	385,698	385,698	100.00
Estimated for the Year						
<u>Ending December 31,</u>						
2021	\$ 15,759,403	19.055	24.500	\$ 686,400		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

**SPRING MESA METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

<u>Year Ending December 31,</u>	\$7,420,000 General Obligation Refunding Bonds, Series 2015 Dated December 11, 2015 Interest Rate Between 2.00% and 4.25% Interest Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2021	\$ 170,000	\$ 262,050	\$ 432,050
2022	175,000	256,950	431,950
2023	185,000	251,700	436,700
2024	190,000	244,300	434,300
2025	200,000	236,700	436,700
2026	205,000	228,700	433,700
2027	215,000	220,500	435,500
2028	220,000	211,900	431,900
2029	230,000	203,100	433,100
2030	240,000	193,900	433,900
2031	250,000	184,300	434,300
2032	260,000	173,675	433,675
2033	270,000	162,624	432,624
2034	285,000	151,149	436,149
2035	295,000	139,038	434,038
2036	310,000	126,500	436,500
2037	320,000	114,400	434,400
2038	330,000	101,925	431,925
2039	345,000	89,050	434,050
2040	360,000	75,588	435,588
2041	370,000	61,538	431,538
2042	385,000	47,088	432,088
2043	400,000	32,050	432,050
2044	420,000	16,425	436,425
Total	\$ 6,630,000	\$ 3,785,150	\$ 10,415,150

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

**SPRING MESA METROPOLITAN DISTRICT
TEN LARGEST OWNERS OF TAXABLE PROPERTY WITHIN THE DISTRICT
DECEMBER 31, 2020
UNAUDITED**

Taxpayer Name	2020 Assessed Valuation	Percentage of Total Assessed Valuation
Public Service Co. of Colorado (Xcel Energy)	\$ 236,900	1.50 %
Private Homeowner # 1	69,694	0.44
Private Homeowner # 2	69,328	0.44
Private Homeowner # 3	68,272	0.43
Private Homeowner # 4	67,143	0.43
Private Homeowner # 5	66,703	0.42
Private Homeowner # 6	66,594	0.42
Private Homeowner # 7	66,124	0.42
Private Homeowner # 8	65,995	0.42
Private Homeowner # 9	65,674	0.42
Total	<u>\$ 842,427</u>	<u>5.34 %</u>

NOTE: Percentages are based on a 2020 certified assessed valuation of \$15,759,403.

**SPRING MESA METROPOLITAN DISTRICT
 ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
 DECEMBER 31, 2020
 UNAUDITED**

Taxpayer Name	2020 Assessed Valuation	Percentage of Assessed Valuation
Residential	\$ 15,522,407	98.50 %
State Assessed	739	0.00
Personal Property	236,161	1.50
Natural Resources	96	0.00
Total	<u>\$ 15,759,403</u>	<u>100.00 %</u>

**SPRING MESA METROPOLITAN DISTRICT
SELECTED DEBT RATIOS OF THE DISTRICT
DECEMBER 31, 2020
UNAUDITED**

	<u>Amount</u>
Direct Debt (Consisting of the Bonds)	\$ 6,630,000
2020 Assessed Valuation	\$ 15,759,403
Direct Debt to 2020 Assessed Valuation	42.07 %
2020 Total Actual Value of all Taxable Property (Actual Value)	\$ 217,099,403
Direct Debt to 2020 Actual Value	3.05 %