

**INSPIRATION METROPOLITAN DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**


YEAR ENDED DECEMBER 31, 2020


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


INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
SPECIAL REVENUE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	7
NOTES TO BASIC FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	26
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	27
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	29
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	31



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors

Inspiration Metropolitan District
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Inspiration 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 Inspiration 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 Inspiration 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 Inspiration 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 Inspiration 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 Inspiration Metropolitan District's ability to continue as a going concern for a reasonable period of time.

Other Matters

Required Supplementary Information

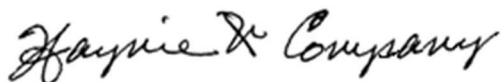
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 Inspiration 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 17, 2021

BASIC FINANCIAL STATEMENTS

**INSPIRATION METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 622,338
Cash and Investments - Restricted	3,209,473
Property Taxes Receivable	4,139,086
Receivable from County Treasurer	25,370
Accounts Receivable	16,911
Capital Assets, Net	4,592,592
Total Assets	12,605,770
LIABILITIES	
Accounts Payable	79,935
Prepaid Assessments	88,343
Accrued Interest Payable	259,152
Noncurrent Liabilities:	
Due in More Than One Year	69,035,279
Total Liabilities	69,462,709
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	4,139,086
Total Deferred Inflows of Resources	4,139,086
NET POSITION	
Net Investment in Capital Assets	2,603,032
Restricted For:	
Emergency Reserves	64,300
Unrestricted	(63,663,357)
Total Net Position	\$ (60,996,025)

See accompanying Notes to Basic Financial Statements.

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

		Program Revenues			Net Revenue (Expense) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Government Activities:					
General Government	\$ 1,962,302	\$ 1,360,090	\$ 159,238	\$ -	\$ (442,974)
Interest and Related Costs on Long-Term Debt	4,482,851	-	1,414,000	-	(3,068,851)
Total Governmental Activities	\$ 6,445,153	\$ 1,360,090	\$ 1,573,238	\$ -	(3,511,825)
 GENERAL REVENUES					
					3,330,519
					282,991
					20,351
					20,330
					3,654,191
 CHANGE IN NET POSITION					
					142,366
					(61,138,391)
 NET POSITION - END OF YEAR					
					\$ (60,996,025)

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 367,589	\$ 161,652	\$ 2,000	\$ 91,097	\$ 622,338
Cash and Investments - Restricted	18,100	473,476	2,695,232	22,665	3,209,473
Property Taxes Receivable	678,511	-	3,392,797	67,778	4,139,086
Receivable from County Treasurer	4,574	-	20,796	-	25,370
Due from Other Funds	-	315,103	-	-	315,103
Accounts Receivable	-	16,911	-	-	16,911
	<u>\$ 1,068,774</u>	<u>\$ 967,142</u>	<u>\$ 6,110,825</u>	<u>\$ 181,540</u>	<u>\$ 8,328,281</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 47,290	\$ 27,220	\$ 2,000	\$ 3,425	\$ 79,935
Due to Other Funds	315,103	-	-	-	315,103
Prepaid Assessments	-	88,343	-	-	88,343
Total Liabilities	<u>362,393</u>	<u>115,563</u>	<u>2,000</u>	<u>3,425</u>	<u>483,381</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenue	678,511	-	3,392,797	67,778	4,139,086
Total Deferred Inflows of Resources	<u>678,511</u>	<u>-</u>	<u>3,392,797</u>	<u>67,778</u>	<u>4,139,086</u>
FUND BALANCES					
Restricted For:					
Emergency Reserves	18,100	46,200	-	-	64,300
Debt Service	-	-	2,716,028	-	2,716,028
Committed For:					
Reserve	-	420,774	-	-	420,774
Tree Planting/Screening	-	6,502	-	-	6,502
Capital Projects	-	-	-	110,337	110,337
Unassigned	9,770	378,103	-	-	387,873
Total Fund Balances	<u>27,870</u>	<u>851,579</u>	<u>2,716,028</u>	<u>110,337</u>	<u>3,705,814</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,068,774</u>	<u>\$ 967,142</u>	<u>\$ 6,110,825</u>	<u>\$ 181,540</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 as assets in the funds.
Capital Assets Net of Accumulated Depreciation

4,592,592

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

Bonds Payable
Accrued Interest on Bonds Payable
Developer Advance Payable
Accrued Interest on Developer Advance Payable
Accrued Interest Payable

(65,667,372)
(2,459,020)
(745,949)
(162,938)
(259,152)

Net Position of Governmental Activities

\$ (60,996,025)

See accompanying Notes to Basic Financial Statements.

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

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property Taxes	\$ 545,964	\$ -	\$ 2,730,017	\$ 54,538	\$ 3,330,519
Specific Ownership Taxes	51,024	-	231,967	-	282,991
Operation Fees - Builders	-	207,123	-	-	207,123
Operation Fees - Residents	-	1,152,967	-	-	1,152,967
Transfer Fees	-	133,000	-	-	133,000
Development Fees - Builders	-	-	1,414,000	-	1,414,000
Legal - Collections Fees	-	9,570	-	-	9,570
Event Revenue	-	960	-	-	960
Late Fees and Interest	-	3,708	-	-	3,708
Adopt-A-Tree Sponsorship	-	26,238	-	-	26,238
Miscellaneous Income	30	3,782	-	-	3,812
Reimbursed Expenditures	-	2,280	-	-	2,280
Net Investment Income	4,234	2,200	13,855	62	20,351
Total Revenues	<u>601,252</u>	<u>1,541,828</u>	<u>4,389,839</u>	<u>54,600</u>	<u>6,587,519</u>
EXPENDITURES					
General and Administration	317,764	301,769	-	54,537	674,070
Operations and Maintenance	-	915,024	-	-	915,024
Debt Service:					
Bond Interest - Series 2014A	-	-	1,424,700	-	1,424,700
Bond Interest - Series 2014B	-	-	1,685,125	-	1,685,125
County Treasurer's Fees	-	-	40,974	-	40,974
Paying Agent Fees	-	-	12,000	-	12,000
Capital Outlay:					
Capital Outlay	-	-	-	488,765	488,765
Total Expenditures	<u>317,764</u>	<u>1,216,793</u>	<u>3,162,799</u>	<u>543,302</u>	<u>5,240,658</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	283,488	325,035	1,227,040	(488,702)	1,346,861
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	350,615	350,615
Transfers Out	(270,000)	(80,615)	-	-	(350,615)
Total Other Financing Sources (Uses)	<u>(270,000)</u>	<u>(80,615)</u>	<u>-</u>	<u>350,615</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	13,488	244,420	1,227,040	(138,087)	1,346,861
Fund Balances - Beginning of Year	14,382	607,159	1,488,988	248,424	2,358,953
FUND BALANCES - END OF YEAR	<u>\$ 27,870</u>	<u>\$ 851,579</u>	<u>\$ 2,716,028</u>	<u>\$ 110,337</u>	<u>\$ 3,705,814</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION 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 - Governmental Funds \$ 1,346,861

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	488,765
Depreciation	(373,208)

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 on Bonds - Change in Liability	(1,267,835)
Accrued Interest on Developer Advance - Change in Liability	<u>(52,217)</u>

Changes in Net Position of Governmental Activities \$ 142,366

**INSPIRATION 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			
Property Taxes	\$ 537,807	\$ 545,964	\$ 8,157
Specific Ownership Taxes	53,237	51,024	(2,213)
Other Revenue	2,000	-	(2,000)
Miscellaneous Income	-	30	30
Net Investment Income	7,000	4,234	(2,766)
Total Revenues	<u>600,044</u>	<u>601,252</u>	<u>1,208</u>
EXPENDITURES			
General and Administration:			
Accounting	60,000	106,538	(46,538)
Audit	5,150	5,150	-
Banking Fees	100	-	100
Contingency	8,183	-	8,183
County Treasurer's Fees	8,067	8,194	(127)
Dues and License	500	-	500
Election Expense	25,000	33,135	(8,135)
Insurance	42,000	31,612	10,388
Legal	130,000	132,475	(2,475)
Miscellaneous	1,000	660	340
Total Expenditures	<u>280,000</u>	<u>317,764</u>	<u>(37,764)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	320,044	283,488	(36,556)
OTHER FINANCING SOURCES (USES)			
Transfers Out to Capital Projects Fund	<u>(315,000)</u>	<u>(270,000)</u>	<u>45,000</u>
Total Other Financing Sources (Uses)	<u>(315,000)</u>	<u>(270,000)</u>	<u>45,000</u>
NET CHANGE IN FUND BALANCE	5,044	13,488	8,444
Fund Balance - Beginning of Year	<u>18,048</u>	<u>14,382</u>	<u>(3,666)</u>
FUND BALANCE - END OF YEAR	<u>\$ 23,092</u>	<u>\$ 27,870</u>	<u>\$ 4,778</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Operation Fees - Builders	\$ 203,056	\$ 215,352	\$ 207,123	\$ (8,229)
Operation Fees - Residents	1,068,200	1,117,135	1,152,967	35,832
Transfer Fees	105,500	109,500	133,000	23,500
Legal - Collections Fees	-	6,000	9,570	3,570
Event Revenue	-	1,000	960	(40)
Late Fees and Interest	-	700	3,708	3,008
Returned Deposit Fees	-	250	-	(250)
Adopt-A-Tree Sponsorship	-	12,000	26,238	14,238
Other Revenue	2,000	21,189	-	(21,189)
Miscellaneous Income	-	-	3,782	3,782
Reimbursed Expenditures	-	6,000	2,280	(3,720)
Net Investment Income	480	1,650	2,200	550
Total Revenues	<u>1,379,236</u>	<u>1,490,776</u>	<u>1,541,828</u>	<u>51,052</u>
EXPENDITURES				
Administrative Expense	260,716	291,317	301,769	(10,452)
Amenity Maintenance	131,502	118,780	87,549	31,231
Communications	2,480	5,000	5,147	(147)
Community Engagement	41,330	21,307	19,069	2,238
Landscaping	548,807	580,976	454,467	126,509
Utilities	301,820	293,980	347,553	(53,573)
Contingency	-	8,040	1,239	6,801
Total Expenditures	<u>1,286,655</u>	<u>1,319,400</u>	<u>1,216,793</u>	<u>102,607</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	92,581	171,376	325,035	153,659
OTHER FINANCING SOURCES (USES)				
Transfers Out to Capital Projects Fund	-	(80,600)	(80,615)	(15)
Total Other Financing Sources (Uses)	<u>315,000</u>	<u>(80,600)</u>	<u>(80,615)</u>	<u>(15)</u>
NET CHANGE IN FUND BALANCE	407,581	90,776	244,420	153,644
Fund Balance - Beginning of Year	<u>484,499</u>	<u>607,159</u>	<u>607,159</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 892,080</u>	<u>\$ 697,935</u>	<u>\$ 851,579</u>	<u>\$ 153,644</u>

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 DEFINITION OF REPORTING ENTITY

Inspiration Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Douglas County entered on May 30, 2002 and recorded on June 7, 2002 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). On February 10, 2017, the District formally changed its name from RockingHorse Metropolitan District No. 2 to Inspiration Metropolitan District. The District's service area is located in the City of Aurora, Douglas County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, traffic and safety controls, park and recreation, limited fire protection, transportation, limited television relay and translation, and mosquito control improvements and services.

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

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

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 inter-governmental 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.

**INSPIRATION 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 governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are 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 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 accounts for certain financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with the operation and maintenance of District owned public facilities.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds, excluding the Special Revenue Fund, to maximize investment earnings. Except when required by trust or other agreements, 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.

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

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 inflows 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Depreciation expense has been computed using the straight-line method over the estimated economic useful life of 30 years for the pool and clubhouse and 10 to 20 years for improvements other than buildings.

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.

Operations Fees

On October 20, 2015, the District adopted a Resolution Concerning the Imposition of an Operations Fee which was amended on November 5, 2018, November 19, 2019, and November 10, 2020 (collectively, the Fee Resolution). The Resolution, beginning January 1, 2021, imposes: 1) an Operations Fee on each Residential Unit at a rate of \$294 per quarter; 2) an Operations Fee on each Vacant Lot at a rate of \$147 per quarter; 3) a Transfer Fee on each Residential Unit and Vacant Lot of \$500 per Transfer.

On July 16, 2010 and Amended and Restated by 2016 Resolution on July 26, 2016, the Board of Directors of the Districts adopted a Joint Resolution Concerning District Fees for the Use of District Recreational Facilities by Nonresidents and Nonproperty Owners. Persons not residing or owning property within the legal boundaries of the District, as may be amended from time to time (the Outside Users), shall be entitled to utilize the RockingHorse tennis courts (the Recreation Amenities) in accordance with, and to the extent set forth within the resolution and the rules and regulations of the Districts. The annual Outside User fee is \$1,400 per year.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Development Fees

On October 20, 2015, the District established a one-time Development Fee of \$3,500 per residential unit for the overall cost of providing amenities and facilities benefitting property and inhabitants within the District. The Development Fee is calculated to defray the cost of funding Development Costs and reasonably distributes the burden in a manner based on the benefits received by persons paying the fees and using the Facilities. The fees are payable by homebuilders at the time of issuance of a building permit.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

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	\$ 622,338
Cash and Investments - Restricted	3,209,473
Total Cash and Investments	<u>\$ 3,831,811</u>

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

Deposits with Financial Institutions	\$ 355,355
Investments	3,476,456
Total Cash and Investments	<u>\$ 3,831,811</u>

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 of \$355,874 and a carrying balance of \$355,355.

**INSPIRATION 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	\$ 2,464,573
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	1,011,883
		<u>\$ 3,476,456</u>

**INSPIRATION 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.

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 using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**INSPIRATION 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:

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 93,250	\$ 3,425	\$ 93,250	\$ 3,425
Landscape Improvements	245,520	-	-	245,520
Total Capital Assets, Not Being Depreciated	338,770	3,425	93,250	248,945
Capital Assets, Being Depreciated:				
Pool and Clubhouse Improvements other than Buildings	1,744,358	-	-	1,744,358
	3,540,758	578,590	-	4,119,348
	5,285,116	578,590	-	5,863,706
Less Accumulated Depreciation For:				
Pool and Clubhouse Improvements other than Buildings	203,508	58,145	-	261,653
	943,343	315,063	-	1,258,406
	1,146,851	373,208	-	1,520,059
Total Capital Assets, Being Depreciated, Net	4,138,265	205,382	-	4,343,647
Capital Assets, Net	<u>\$ 4,477,035</u>	<u>\$ 208,807</u>	<u>\$ 93,250</u>	<u>\$ 4,592,592</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	<u>\$ 373,208</u>
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**INSPIRATION 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 - December 31, 2019	Additions	Reductions	Compounding of Unpaid Interest	Balance - December 31, 2020	Due Within One Year
Governmental Activities:						
Bonds from Direct Placements						
General Obligation Bonds Payable:						
Series 2014A	\$ 23,745,000	\$ -	\$ -	\$ -	\$ 23,745,000	\$ -
Series 2014B	25,925,000	-	-	-	25,925,000	-
Series 2014C	5,646,213	402,159	-	-	6,048,372	-
Series 2017D	9,949,000	-	-	-	9,949,000	-
Accrued Interest on:						
Series 2017D	1,593,344	746,175	-	119,501	2,459,020	-
Subtotal of Bonds from Direct Placements	<u>66,858,557</u>	<u>1,148,334</u>	<u>-</u>	<u>119,501</u>	<u>68,126,392</u>	<u>-</u>
Other Debts						
Developer Advances:						
Operating	53,970	-	-	-	53,970	-
Capital	691,979	-	-	-	691,979	-
Accrued Interest on Developer Advances:						
Operating	11,322	3,779	-	-	15,101	-
Capital	99,399	48,438	-	-	147,837	-
Subtotal of Other Debts	<u>856,670</u>	<u>52,217</u>	<u>-</u>	<u>-</u>	<u>908,887</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 67,715,227</u>	<u>\$ 1,200,551</u>	<u>\$ -</u>	<u>\$ 119,501</u>	<u>\$ 69,035,279</u>	<u>\$ -</u>

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

Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014A (Series 2014A) in the original principal amount of \$20,000,650 with an accreted value of \$23,745,000 at current interest conversion date. Prior to December 1, 2016, the Bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, beginning June 1, 2014. On December 1, 2016 and until the maturity date of December 1, 2051 or prior redemption, the Bonds shall bear interest at the rate of 6.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2017. The Series 2014A bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of default occur if the District does not impose the Required Mill Levy, make payments of principal and interest when due, and other customary terms and conditions consistent with normal municipal financings. In the event that any amount of principal of or interest on the Series 2014A Bonds remains unpaid after application of all Pledge Revenue available therefor on December 1, 2052, the Series 2014A Bonds and the lien of the Indenture securing the payment thereof shall be deemed discharged.

Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2014B (Series 2014B) in the original principal amount of \$17,771,847 with an accreted value of \$25,925,000 at current interest conversion date. Prior to December 1, 2019, the Series 2014B bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2019 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014B bonds shall bear interest at the rate of 6.50% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2020. The Series 2014B bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.

Events of default occur if the District does not impose the Required Mill Levy, make payments of principal and interest when due, and other customary terms and conditions consistent with normal municipal financings. In the event that any amount of principal of or interest on the Series 2014B Bonds remains unpaid after application of all Pledge Revenue available therefor on December 1, 2052, the Series 2014B Bonds and the lien of the Indenture securing the payment thereof shall be deemed discharged.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$9,785,000 Junior Lien (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Bonds, Series 2014C (Drawdown) (Series 2014C) The Series 2014C bonds were issued with no balance, and were “filled-up” as infrastructure costs were accepted by the District under the Facility Acquisition Agreement. On November 12, 2015 bonds in the amount of \$4,272,225 with an accreted value of \$7,435,000 at current interest conversion date, were issued (Series 2014C-1 and Series 2014C-2). Permitted Draws were issued solely for the purpose of paying amounts then due and payable by the District under the 2014 Reimbursement Agreement and for no other purpose. No additional Permitted Draws and additional Bonds shall be delivered after January 1, 2017. Prior to December 1, 2023, the Series 2014C bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2023 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014C bonds shall bear interest at the rate of 7.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2024. The Series 2014C bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.

Events of default occur if the District does not impose the Required Mill Levy, make payments of principal and interest when due, and other customary terms and conditions consistent with normal municipal financings. In the event that any amount of principal of or interest on the Series 2014C Bonds remains unpaid after application of all Pledge Revenue available therefor on December 1, 2052, the Series 2014C Bonds and the lien of the Indenture securing the payment thereof shall be deemed discharged.

\$9,949,000 Fourth Tier Limited Tax General Obligation Bonds, Series 2017D, dated December 12, 2017 to finance certain public improvements. The Bonds bear interest at the rate of 7.50% per annum, until paid in full or discharged, such interest to be calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available therefor annually on each December 15, commencing on December 15, 2018. The Bonds mature December 15, 2051. The Bonds are structured as cash flow bonds and payments will be made when funds are available after payment of the 2014 Bonds, with the exception of \$82,500 which was repaid in 2018 from the first \$82,500 in Pledged revenue received by the District. As such, a debt to maturity schedule is not presented as the timing of payments is unknown. The Series 2017D bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees.

Events of default occur if the District does not impose the Required Mill Levy, make payments of principal and interest when due, and other customary terms and conditions consistent with normal municipal financings. In the event that any amount of principal of or interest on the Series 2017D Bonds remains unpaid after application of all Pledge Revenue available therefor on December 15, 2051, the Series 2017D Bonds and the lien of the Indenture securing the payment thereof shall be deemed discharged.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances see Note 8.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 3,109,825	\$ 3,109,825
2022	-	3,109,825	3,109,825
2023	-	3,109,825	3,109,825
2024	-	3,630,275	3,630,275
2025	-	3,630,275	3,630,275
2026 - 2030	1,590,000	18,009,675	19,599,675
2031 - 2035	4,345,000	17,187,550	21,532,550
2036 - 2040	8,540,000	15,314,875	23,854,875
2041 - 2045	14,285,000	11,922,525	26,207,525
2046 - 2050	22,625,000	6,388,475	29,013,475
2051	5,720,000	364,300	6,084,300
Total	<u>\$ 57,105,000</u>	<u>\$ 85,777,425</u>	<u>\$ 142,882,425</u>

Authorized Debt

As of December 31, 2020, the District has \$1,110,856,310 in remaining authorization for capital improvements and \$232,220,503 in remaining voter authorization for refunding. The District's service plan, as approved by the City, allows for a total debt amount of \$119,700,000 when combined with RockingHorse Metropolitan District No. 1 (District No. 1).

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 that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 4,592,592
Noncurrent Portion of Long-Term Obligations	<u>(1,989,560)</u>
Net Investment in Capital Assets	<u>\$ 2,603,032</u>

Restricted 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 legislation. The District had restricted net position as of December 31, 2020 as follows:

Emergency Reserves	\$ 64,300
Total	<u>\$ 64,300</u>

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

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is Nash Inspiration, LLC. Two members of the Board of Directors are employees, owners or are otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS

Intergovernmental Agreement with the City of Aurora

On December 21, 2004, the District and District No. 1 (collectively, the Districts) entered into the Intergovernmental Agreement between the City of Aurora and the Districts (the IGA). The IGA defines and clarifies the services which the Districts may provide, as well as those services which the Districts are prohibited from providing. The IGA was amended and restated on May 21, 2018 to allow the District to own, operate, and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity. Pursuant to the Consolidated Service Plan, the Districts are required to impose the Aurora Regional Improvement (ARI) Mill Levy upon the Districts' residents. This mill levy is 1.000 mill for 20 years, which for this purpose begins the first year that the Districts certify a debt service mill levy. The levy increases to 5.000 mills for years 21 through 40 or the date of repayment of the debt incurred for public improvements, other than regional improvements, whichever occurs first. For the 10 years subsequent to the period where the 5.000 mills is imposed, the ARI mill levy is the average of the debt service mill levy for the previous 10 years.

South Aurora Regional Improvement Authority

On February 7, 2018, the District entered into the South Aurora Regional Improvement Authority (SARIA) Establishment Agreement (SARIA Agreement) with the City. The Authority was formed to provide functions and services necessary to acquire, construct, finance, maintain, and manage certain regional improvements that are identified and agreed upon by the City and the member districts.

The SARIA Agreement provides that SARIA may adopt an ARI master plan, pursuant to the Code and Service Plans of the districts. SARIA will prioritize and support the completion of the regional improvements as identified in the ARI Master Plan. In order to fund these projects, SARIA may issue revenue bonds or other multi-fiscal year financial obligations, subject to its sole discretion, secured by the pledged revenues of the ARI Mill Levies by each of the districts and other funds legally available to SARIA.

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

NOTE 8 AGREEMENTS (CONTINUED)

South Aurora Regional Improvement Authority (Continued)

SARIA adopted ARI Master Plan Number One on December 8, 2017; however, no action has been taken to implement ARI Master Plan Number One. On June 15, 2018, the Authority adopted ARI Master Plan Number Two which replaces ARI Master Plan Number One and constitutes the Authority's current plan for Regional Improvements.

ARI Master Plan Number Two identifies \$62,200,000 of Regional Improvements Pursuant to ARI Master Plan Number Two, the Authority is responsible for providing financing for only a portion of these improvements. The remaining costs are planned to be paid by the City, the County, and/or certain Member Districts and developers, depending upon the particular improvement.

On October 2, 2018, the SARIA Agreement was amended by the First Amendment to the South Aurora Regional Improvement Authority Establishment Agreement (First Amendment) in conjunction with the issuance of SARIA's Special Revenue Bonds, Series 2018 (SARIA Bonds). SARIA issued its SARIA Bonds in the amount of \$11,265,000 on December 19, 2018. The District is obligated to pledge its ARI Mill Levy Revenues to the repayment of the SARIA Bonds pursuant to the terms of the SARIA Agreement and the First Amendment.

Developer Advances

The District has entered into Funding and Reimbursement Agreement(s) with the Developer as follows:

Funding and Reimbursement Agreement

On July 21, 2015, the District and Nash Inspiration, LLC (Developer) entered into a Funding and Reimbursement Agreement whereby the Developer agreed to loan up to \$100,000 per year for operations through December 31, 2015, and the District agreed to repay developer for funds advanced plus accrued interest at 7% per annum. This agreement was subsequently extended for 2016 and 2017. Effective January 1, 2017, the Maximum Loan Amount was increased to \$200,000. As of December 31, 2020, outstanding advances under the agreement totaled \$53,970 and accrued interest of \$15,101. Subsequent to December 31, 2020, the Developer forgave the outstanding advances totaling \$69,071, including principal and interest.

Infrastructure Acquisition and Reimbursement Agreement

The District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement dated May 23, 2016 (the Acquisition and Reimbursement Agreement), whereby the Developer agreed to construct recreational amenities such as a pool and clubhouse (the Recreation Amenities) and the District agreed to Acquire the Recreation Amenities. The District agrees to reimburse the Developer for all District eligible costs approved under this Agreement with an interest rate of 7% per annum.

A balance of \$691,979 in principal and \$147,837 of accrued interest remains outstanding as of December 31, 2020.

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

NOTE 8 AGREEMENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreement (Continued)

The District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement dated July 6, 2017 (the Acquisition and Reimbursement Agreement), whereby the Developer agreed to advance funds to the District for construction of Public Infrastructure (as defined therein) and/or construct Public Infrastructure for acquisition or payment by the District. The District agrees to: (i) reimburse the Developer for all District eligible costs for which the District receives advances; (ii) acquire any Public Infrastructure constructed for the benefit of the District from the Developer that is not being dedicated to other governmental entities and to pay all reasonable costs related thereto; and (iii) to reimburse the Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties, subject to the requirements of the agreement.

Under the Acquisition and Reimbursement Agreement, the District agrees to reimburse all District eligible costs of the Developer in financing, constructing or installing such Public Infrastructure together with interest thereon at the rate of 8% per annum, accruing from the date the Developer deposits immediately available funds, has paid or advanced funds not otherwise directly attributed to a particular Public Infrastructure improvement or component part of, or the District has received a Cost Certification.

NOTE 9 INTERFUND AND OPERATING TRANSFERS

Transfers from the General Fund and the Special Revenue Fund to the Capital Projects Fund was and will be used to fund major capital projects.

NOTE 10 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.

The District pays annual premiums to the Pool for property liability, 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.

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

NOTE 11 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 that apply to the State of Colorado and all local governments.

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

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

On November 2, 2004, 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.

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

**INSPIRATION 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	\$ 2,689,230	\$ 2,730,017	\$ 40,787
Specific Ownership Taxes	242,030	231,967	(10,063)
Development Fees - Builders	350,000	1,414,000	1,064,000
Other Revenue	1,000	-	(1,000)
Net Investment Income	35,000	13,855	(21,145)
Total Revenues	<u>3,317,260</u>	<u>4,389,839</u>	<u>1,072,579</u>
EXPENDITURES			
Bond Interest - Series 2014A	1,424,700	1,424,700	-
Bond Interest - Series 2014B	1,685,125	1,685,125	-
County Treasurer's Fees	40,338	40,974	(636)
Miscellaneous	137	-	137
Paying Agent Fees	15,000	12,000	3,000
Total Expenditures	<u>3,165,300</u>	<u>3,162,799</u>	<u>2,501</u>
NET CHANGE IN FUND BALANCE	151,960	1,227,040	1,075,080
Fund Balance - Beginning of Year	<u>1,445,595</u>	<u>1,488,988</u>	<u>43,393</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,597,555</u>	<u>\$ 2,716,028</u>	<u>\$ 1,118,473</u>

**INSPIRATION 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		
REVENUES				
Property Taxes - Regional ARI	\$ 53,723	\$ 54,441	\$ 54,538	\$ 97
Other Revenue	1,277	-	-	-
Net Investment Income	-	44	62	18
Total Revenues	<u>55,000</u>	<u>54,485</u>	<u>54,600</u>	<u>115</u>
EXPENDITURES				
County Treasurer's Fees - Regional ARI	806	817	818	(1)
Regional ARI Expense	52,917	53,624	53,719	(95)
Channel Settlement	-	460,000	455,336	4,664
Mailbox Reconfiguration	-	27,000	30,004	(3,004)
Regional Trail Connection	-	20,000	3,425	16,575
Contingency	1,277	8,559	-	8,559
Total Expenditures	<u>55,000</u>	<u>570,000</u>	<u>543,302</u>	<u>26,698</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(515,515)	(488,702)	26,813
OTHER FINANCING SOURCES (USES)				
Transfers In From Other Funds	-	375,600	350,615	(24,985)
Total Other Financing Sources (Uses)	<u>-</u>	<u>375,600</u>	<u>350,615</u>	<u>(24,985)</u>
NET CHANGE IN FUND BALANCE	-	(139,915)	(138,087)	1,828
Fund Balance - Beginning of Year	-	248,424	248,424	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 108,509</u>	<u>\$ 110,337</u>	<u>\$ 1,828</u>

OTHER INFORMATION

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

Year Ending December 31,	\$23,745,000 (at Full Accretion) Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds Series 2014A, Interest Rate of 6.00% Payable June 1 and December 1			\$25,925,000 (at Full Accretion) Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds Series 2014B, Interest Rate of 6.50% Payable June 1 and December 1		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 1,424,700	\$ 1,424,700	\$ -	\$ 1,685,125	\$ 1,685,125
2022	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2023	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2024	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2025	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2026	95,000	1,424,700	1,519,700	65,000	1,685,125	1,750,125
2027	100,000	1,419,000	1,519,000	70,000	1,680,900	1,750,900
2028	170,000	1,413,000	1,583,000	140,000	1,676,350	1,816,350
2029	180,000	1,402,800	1,582,800	150,000	1,667,250	1,817,250
2030	250,000	1,392,000	1,642,000	235,000	1,657,500	1,892,500
2031	265,000	1,377,000	1,642,000	250,000	1,642,225	1,892,225
2032	350,000	1,361,100	1,711,100	340,000	1,625,975	1,965,975
2033	370,000	1,340,100	1,710,100	365,000	1,603,875	1,968,875
2034	460,000	1,317,900	1,777,900	465,000	1,580,150	2,045,150
2035	485,000	1,290,300	1,775,300	500,000	1,549,925	2,049,925
2036	590,000	1,261,200	1,851,200	610,000	1,517,425	2,127,425
2037	625,000	1,225,800	1,850,800	650,000	1,477,775	2,127,775
2038	735,000	1,188,300	1,923,300	780,000	1,435,525	2,215,525
2039	780,000	1,144,200	1,924,200	830,000	1,384,825	2,214,825
2040	905,000	1,097,400	2,002,400	970,000	1,330,875	2,300,875
2041	955,000	1,043,100	1,998,100	1,035,000	1,267,825	2,302,825
2042	1,095,000	985,800	2,080,800	1,195,000	1,200,550	2,395,550
2043	1,160,000	920,100	2,080,100	1,270,000	1,122,875	2,392,875
2044	1,310,000	850,500	2,160,500	1,455,000	1,040,325	2,495,325
2045	1,390,000	771,900	2,161,900	1,545,000	945,750	2,490,750
2046	1,560,000	688,500	2,248,500	1,745,000	845,325	2,590,325
2047	1,655,000	594,900	2,249,900	1,860,000	731,900	2,591,900
2048	1,845,000	495,600	2,340,600	2,080,000	611,000	2,691,000
2049	1,955,000	384,900	2,339,900	2,220,000	475,800	2,695,800
2050	2,165,000	267,600	2,432,600	2,470,000	331,500	2,801,500
2051	2,295,000	137,700	2,432,700	2,630,000	170,950	2,800,950
Total	\$ 23,745,000	\$ 33,918,900	\$ 57,663,900	\$ 25,925,000	\$ 40,685,125	\$ 66,610,125

**INSPIRATION METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2020**

\$7,435,000 (at Full Accretion)
Junior Lien (Convertible to Senior)
Limited Tax (Convertible to Unlimited Tax)
General Obligation Convertible Capital Appreciation
Series 2014C, Interest Rate of 7.00%
Payable June 1 and December 1

Principal Due December 1			Total of all Series 2014 Bonds		
Principal	Interest	Total	Principal	Interest	Total
\$ -	\$ -	\$ -	\$ -	\$ 3,109,825	\$ 3,109,825
-	-	-	-	3,109,825	3,109,825
-	-	-	-	3,109,825	3,109,825
-	520,450	520,450	-	3,630,275	3,630,275
-	520,450	520,450	-	3,630,275	3,630,275
10,000	520,450	530,450	170,000	3,630,275	3,800,275
10,000	519,750	529,750	180,000	3,619,650	3,799,650
30,000	519,050	549,050	340,000	3,608,400	3,948,400
30,000	516,950	546,950	360,000	3,587,000	3,947,000
55,000	514,850	569,850	540,000	3,564,350	4,104,350
60,000	511,000	571,000	575,000	3,530,225	4,105,225
85,000	506,800	591,800	775,000	3,493,875	4,268,875
90,000	500,850	590,850	825,000	3,444,825	4,269,825
125,000	494,550	619,550	1,050,000	3,392,600	4,442,600
135,000	485,800	620,800	1,120,000	3,326,025	4,446,025
165,000	476,350	641,350	1,365,000	3,254,975	4,619,975
180,000	464,800	644,800	1,455,000	3,168,375	4,623,375
215,000	452,200	667,200	1,730,000	3,076,025	4,806,025
230,000	437,150	667,150	1,840,000	2,966,175	4,806,175
275,000	421,050	696,050	2,150,000	2,849,325	4,999,325
295,000	401,800	696,800	2,285,000	2,712,725	4,997,725
340,000	381,150	721,150	2,630,000	2,567,500	5,197,500
370,000	357,350	727,350	2,800,000	2,400,325	5,200,325
420,000	331,450	751,450	3,185,000	2,222,275	5,407,275
450,000	302,050	752,050	3,385,000	2,019,700	5,404,700
515,000	270,550	785,550	3,820,000	1,804,375	5,624,375
545,000	234,500	779,500	4,060,000	1,561,300	5,621,300
620,000	196,350	816,350	4,545,000	1,302,950	5,847,950
655,000	152,950	807,950	4,830,000	1,013,650	5,843,650
735,000	107,100	842,100	5,370,000	706,200	6,076,200
795,000	55,650	850,650	5,720,000	364,300	6,084,300
<u>\$ 7,435,000</u>	<u>\$ 11,173,400</u>	<u>\$ 18,608,400</u>	<u>\$ 57,105,000</u>	<u>\$ 85,777,425</u>	<u>\$ 142,882,425</u>

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

Year Ended <u>December 31</u>	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied for			Total Property Taxes		Percent Collected to Levied
		General	Debt Service	ARI	Levied	Collected	
2015	\$ 8,732,230	10.000	50.000	1.000	\$ 532,666	\$ 532,725	100.01 %
2016	11,691,450	10.000	50.000	1.000	713,178	713,179	100.00
2017	15,921,760	10.000	50.000	1.000	971,227	936,308	96.40
2018	26,447,560	11.055	55.277	1.105	1,783,544	1,777,289	99.65
2019	31,183,840	11.055	55.277	1.105	2,102,945	2,093,508	99.55
2020	48,311,840	11.132	55.664	1.112	3,280,760	3,330,519	101.52
Estimated 2021	\$ 60,951,360	11.132	55.664	1.112	\$ 4,139,086		

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