

HESS RANCH METROPOLITAN DISTRICT NO. 6
Douglas County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2020

**HESS RANCH METROPOLITAN DISTRICT NO. 6
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 (DEFICITS) – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL	24
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	25
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	27
SCHEDULE OF DEBT MATURITY	28

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hess Ranch Metropolitan District No. 6
Douglas County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hess Ranch Metropolitan District No. 6 (the "District"), City of Arvada, Colorado, as of and for the year ended December 31, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Hess Ranch Metropolitan District No. 6's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.² Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Hess Ranch Metropolitan District No. 6, City of Arvada, Colorado, 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 conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has not presented Management's Discussion and Analysis that governmental 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 the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hess Ranch Metropolitan District No. 6's basic financial statements. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and was not a required part of the financial statements.

The supplemental schedules of Debt Service Fund - Schedule Revenues, Expenditures and Changes in Fund Balance - Budget and Actual and Capital Projects Fund - Schedule Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is the responsibility of management and was derived from and relate 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 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 schedules of Debt Service Requirements to Maturity and Schedule of Assessed Valuation, Mill Levy, and Property Taxes Collected have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on them.



Watson Coon Ryan, LLC
October 21, 2021
Centennial, Colorado

BASIC FINANCIAL STATEMENTS

**HESS RANCH METROPOLITAN DISTRICT NO. 6
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 6,418
Cash and Investments - Restricted	17,635,892
Sureties	20,241,069
Prepaid Expense	2,475
Property Taxes Receivable	7
Capital Assets:	
Capital Assets, Not Being Depreciated	32,870,327
Total Assets	70,756,188
LIABILITIES	
Accounts Payable	1,203,977
Retainage Payable	1,019,548
Accrued Interest Payable	133,333
Noncurrent Liabilities:	
Due in More Than One Year	73,778,693
Total Liabilities	76,135,551
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	7
Total Deferred Inflows of Resources	7
NET POSITION	
Unrestricted	(5,379,370)
Total Net Position	\$ (5,379,370)

See accompanying Notes to Basic Financial Statements.

**HESS RANCH METROPOLITAN DISTRICT NO. 6
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 6,418	\$ -	\$ -	\$ 6,418
Cash and Investments - Restricted	-	9,559,200	8,076,692	17,635,892
Sureties	-	-	20,241,069	20,241,069
Prepaid Insurance	2,475	-	-	2,475
Property Tax Receivable	7	-	-	7
	<u>\$ 8,900</u>	<u>\$ 9,559,200</u>	<u>\$ 28,317,761</u>	<u>\$ 37,885,861</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 17,833	\$ -	\$ 1,186,144	\$ 1,203,977
Retainage Payable	-	-	1,019,548	1,019,548
Total Liabilities	<u>17,833</u>	<u>-</u>	<u>2,205,692</u>	<u>2,223,525</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	7	-	-	7
Total Deferred Inflows or Resources	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
FUND BALANCES				
Nonspendable for:				
Prepaid Items	2,475	-	-	2,475
Restricted for:				
Debt Service	-	9,559,200	-	9,559,200
Capital Projects	-	-	26,112,069	26,112,069
Unassigned	(11,415)	-	-	(11,415)
Total Fund Balances	<u>(8,940)</u>	<u>9,559,200</u>	<u>26,112,069</u>	<u>35,662,329</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,900</u>	<u>\$ 9,559,200</u>	<u>\$ 28,317,761</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.

32,870,327

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

Bonds Payable	(71,529,628)
Accrued Bond Interest	(2,096,500)
Developer Advance Payable - Capital	(108,544)
Developer Advance Payable - O&M	(172,340)
Accrued Interest on Developer Advances - Capital	(583)
Accrued Interest on Developer Advances - O&M	(4,431)
	<u>(71,529,628)</u>

Net Position of Governmental Activities

\$ (5,379,370)

See accompanying Notes to Basic Financial Statements.

HESS RANCH METROPOLITAN DISTRICT NO. 6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Net Investment Income	\$ -	\$ 37,867	\$ 130,322	\$ 168,189
Total Revenues	-	37,867	130,322	168,189
EXPENDITURES				
Current:				
Accounting	71,470	-	13,464	84,934
Dues and Licenses	1,225	-	-	1,225
Insurance	8,736	-	-	8,736
Election	308	-	-	308
Engineering	-	-	5,800	5,800
Legal	99,399	-	50,856	150,255
Contingency	142	-	-	142
Debt Service:				
Bond Interest	-	1,146,667	-	1,146,667
Bond Issue Costs	-	-	1,939,434	1,939,434
Capital Outlay:				
Capital Outlay	-	-	32,870,327	32,870,327
Total Expenditures	<u>181,280</u>	<u>1,146,667</u>	<u>34,879,881</u>	<u>36,207,828</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(181,280)	(1,108,800)	(34,749,559)	(36,039,639)
OTHER FINANCING SOURCES (USES)				
Transfers from (to) Other Funds	-	10,668,000	(10,668,000)	-
Developer Advance	172,340	-	2,500,618	2,672,958
Bond Proceeds - Series 2020A-1	-	-	32,000,000	32,000,000
Bond Proceeds - Series 2020A-2	-	-	30,162,628	30,162,628
Bond Proceeds - Series 2020B	-	-	9,367,000	9,367,000
Repay Developer Advance	-	-	(2,500,618)	(2,500,618)
Total Other Financing Sources (Uses)	<u>172,340</u>	<u>10,668,000</u>	<u>60,861,628</u>	<u>71,701,968</u>
NET CHANGE IN FUND BALANCES	(8,940)	9,559,200	26,112,069	35,662,329
Fund Balances (Deficits) - Beginning of Year	-	-	-	-
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (8,940)</u>	<u>\$ 9,559,200</u>	<u>\$ 26,112,069</u>	<u>\$ 35,662,329</u>

See accompanying Notes to Basic Financial Statements.

**HESS RANCH METROPOLITAN DISTRICT NO. 6
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 35,662,329

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. 32,870,327

Long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bonds Payable	(71,529,628)
Developer Advance Payable - Capital	(2,500,618)
Developer Advance Payable - O&M	(172,340)
Repayment of Developer Advance - Capital	2,392,074

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 Bond Interest	(2,096,500)
Accrued Interest on Developer Advances - Capital	(109,127)
Accrued Interest on Developer Advances - O&M	(4,431)
Repayment of Accrued Interest on Developer Advances - Capital	<u>108,544</u>

Changes in Net Position of Governmental Activities \$ (5,379,370)

**HESS RANCH METROPOLITAN DISTRICT NO. 6
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Accounting	35,000	72,000	71,470	530
Audit	5,000	5,000	-	5,000
Legal	35,000	100,000	99,399	601
Insurance	12,000	12,000	8,736	3,264
Dues and Licenses	2,500	2,500	1,225	1,275
Election Expense	2,000	2,000	308	1,692
Contingency	8,500	8,500	142	8,358
Total Expenditures	<u>100,000</u>	<u>202,000</u>	<u>181,280</u>	<u>20,720</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(100,000)	(202,000)	(181,280)	20,720
OTHER FINANCING SOURCES (USES)				
Developer Advance	100,000	202,000	172,340	(29,660)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>202,000</u>	<u>172,340</u>	<u>(29,660)</u>
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,940)</u>	<u>\$ (8,940)</u>

See accompanying Notes to Basic Financial Statements.

HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Hess Ranch Metropolitan District No. 6, a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court on May 23, 2016 and is governed pursuant to provisions of Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located south of Hess Road and west of Motsenbocker Road in the Town of Parker in Douglas County, Colorado. The District was established to provide construction, installation, financing, and operation of public improvements, including street improvements, park and recreation, water, sanitation, public transportation, mosquito control, traffic and safety control, fire protection, television relay and translation, and security. Under the amended service plan, the District was organized in conjunction with four other related districts, Hess Ranch No. 4, Hess Ranch No. 5, Hess Ranch No. 7, and Hess Ranch No. 8. The District serves as the operating district for Hess Ranch Metropolitan Districts Nos. 4, 5, 7, and 8.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

HESS RANCH METROPOLITAN DISTRICT NO. 6
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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

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

HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Budgets

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

The District 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 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.

HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Capital Assets

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

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

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

Deferred Inflows of Resources

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

HESS RANCH METROPOLITAN DISTRICT NO. 6
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.

HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deficits

At December 31, 2020, the General Fund reported a deficit of \$(8,940) in the fund financial statements. It is anticipated that these deficits will be eliminated with the receipt of funds advanced by the Developer in 2021.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 6,418
Cash and Investments - Restricted	17,635,892
Total Cash and Investments	<u>\$ 17,642,310</u>

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

Deposits with Financial Institutions	\$ 1,486,557
Investments	16,155,753
Total Cash and Investments	<u>\$ 17,642,310</u>

Deposits with Financial Institutions

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

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

At December 31, 2020, the District's deposits with financial institutions had a bank balance and a carrying balance of \$1,486,557.

**HESS RANCH METROPOLITAN DISTRICT NO. 6
 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 (COLOTRUST)	Weighted-Average Under 60 Days	\$ 16,155,753
		<u>\$ 16,155,753</u>

**HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2019	Additions	Reductions	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 32,870,327	\$ -	\$ 32,870,327
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 32,870,327</u>	<u>\$ -</u>	<u>\$ 32,870,327</u>

HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Bonds Payable					
Limited Tax General Obligation Bonds					
Series 2020A-1 - Principal	\$ -	\$ 32,000,000	\$ -	\$ 32,000,000	\$ -
Limited Tax General Obligation and Convertible Capital Appreciation Bonds					
Series 2020A-2 - Principal	-	30,162,628	-	30,162,628	-
Series 2020A-2 - Accrued Interest	-	1,396,984	-	1,396,984	-
Subordinate Limited Tax General Obligation Bonds					
Series 2020B - Principal	-	9,367,000	-	9,367,000	-
Series 2020B - Accrued Interest	-	566,183	-	566,183	-
Subtotal of Bonds Payable	-	73,492,795	-	73,492,795	-
Other Debts					
Developer Advances - Capital	-	2,500,618	2,392,074	108,544	-
Developer Advances - O&M	-	172,340	-	172,340	-
Accrued Interest on Developer Advances - Capital	-	109,127	108,544	583	-
Advances - O&M	-	4,431	-	4,431	-
Subtotal of Other Debts	-	2,786,516	2,500,618	285,898	-
Total Long-Term Obligations	\$ -	\$ 76,279,311	\$ 2,500,618	\$ 73,778,693	\$ -

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

Series 2020 Bonds

The District issued Limited Tax General Obligation Bonds, Series 2020A-1 (the 2020A-1 Senior Bonds), Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2020A-2 (the 2020A-2 Senior Bonds, and with the 2020A-1 Senior Bonds, the Senior Bonds), and Subordinate Limited Tax General Obligation Bonds, Series 2020B (the Subordinate Bonds, and together with the Senior Bonds, the Bonds) on March 13, 2020, in the par amounts of \$32,000,000 for the 2020A-1 Senior Bonds, \$30,162,627.60 (value at issuance) and \$44,140,000 (value at conversion date) for the 2020A-2 Senior Bonds, and \$9,367,000 for the Subordinate Bonds. Proceeds from the sale of the Senior Bonds were used to: (i) finance public improvements related to the development; (ii) fund capitalized interest on the 2020A-1 Senior Bonds; (iii) fund an initial deposit to the Senior Surplus Fund; and (iv) pay the costs of issuance of the Bonds. Proceeds of the Subordinate Bonds were used to finance additional public improvements related to the development.

2020A-1 Senior Bonds Details

The 2020A-1 Senior Bonds bear interest at 5.000% per annum and are payable semiannually on June 1 and December 1, beginning on June 1, 2020. The 2020A-1 Senior Bonds mature on December 1, 2049. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2029.

HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

2020A-1 Senior Bonds Details (Continued)

To the extent principal of any 2020A-1 Senior Bonds is not paid when due, such principal shall remain outstanding until the Senior Bonds Termination Date of December 1, 2059 and shall continue to bear interest at the rate then borne by the 2020A-1 Senior Bonds. To the extent interest on any 2020A-1 Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date (June 1 and December 1) at the rate borne by the 2020A-1 Senior Bonds. If any amount of principal or interest due on the 2020A-1 Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available on the Senior Bonds Termination Date, such unpaid amount will be deemed discharged.

2020A-2 Senior Bonds Details

The 2020A-2 Senior Bonds were issued as capital appreciation bonds and automatically convert to current interest bonds on December 1, 2026. Prior to conversion to current interest bonds, the 2020A-2 Senior Bonds do not pay current interest and accrete in value at an annual yield equal to 5.750%. The accreted amount compounds semiannually on each interest payment date (June 1 and December 1), beginning June 1, 2020, to and including December 1, 2026. Such accreted amount, together with the original principal amount of the 2020A-2 Senior Bonds, bears interest at the interest rate borne by the 2020A-2 Senior Bonds upon conversion to current interest bonds.

The accreted principal balance at conversion on December 1, 2026, will be \$44,140,000. Upon conversion to current interest bonds, the 2020A-2 Senior Bonds will bear interest at a rate of 5.750%, payable semiannually on June 1 and December 1, commencing on June 1, 2027. Annual principal payments are due on December 1 of each year beginning December 1, 2029. The 2020A-2 Senior Bonds mature on December 1, 2049.

On and after conversion to current interest bonds, to the extent principal of any 2020A-2 Senior Bonds is not paid when due, such principal shall remain outstanding until the Senior Bonds Termination Date and shall continue to bear interest at the rate then borne by the 2020A-2 Senior Bonds. To the extent interest on any 2020A-2 Senior Bonds is not paid when due, such unpaid interest shall compound semiannually on each interest payment date (June 1 and December 1) at the rate borne by the 2020A-2 Senior Bonds. If any amount of principal or interest due on the 2020A-2 Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available on the Senior Bonds Termination Date, such unpaid amount will be deemed discharged.

**HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Senior Bonds Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District (or with respect to the redemption of the 2020A-2 Senior Bonds, prior to the 2020A-2 Current Interest Conversion Date), on March 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed (or, with respect to the redemption of the 2020A-2 Bonds, prior to the 2020A-2 Current Interest Conversion Date, upon payment of the accreted value and a redemption premium equal to a percentage of the accreted value so redeemed), as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2025, to February 28,2026	3.00%
March 1, 2026, to February 28,2027	2.00
March 1, 2027, to February 28,2028	1.00
March 1, 2028, and thereafter	0.00

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 8.000% per annum and are payable annually on December 15, beginning December 15, 2020 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2049. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

If any amount of principal or interest on the Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available on the Subordinate Bonds Termination Date of December 15, 2059, such unpaid amount will be deemed discharged.

Subordinate Bonds Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2025, to February 28,2026	3.00%
March 1, 2026, to February 28,2027	2.00
March 1, 2027, to February 28,2028	1.00
March 1, 2028, and thereafter	0.00

**HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

The Taxing Districts

The District was organized simultaneously with Hess Ranch Metropolitan District No. 4 (District No. 4), Hess Ranch Metropolitan District No. 5 ("District No. 5), Hess Ranch Metropolitan District No. 7 (District No. 7), and Hess Ranch Metropolitan District No. 8 (District No. 8). District No. 6 is the Issuing District. District No. 4, District No. 5, District No. 7, and District No. 8, together with District No. 6, are referred to herein as the Taxing Districts. District No. 4, District No. 5, District No. 6, and District No. 7 are residential districts and District No. 8 is a commercial district. District No. 4, District No. 5, District No. 7, and District No. 8 are required to transfer proceeds from their debt service mill levies to District No. 6, or to the Trustee in accordance with the Pledge Agreements, to be applied to debt service.

Town Intergovernmental Agreements

Each of the Taxing Districts has entered into a separate intergovernmental agreement with the Town of Parker (collectively, the Town IGAs). The Town IGAs provide that the Taxing Districts impose the Infrastructure Capital Mill Levy (5.000 mills, subject to adjustment) and use the proceeds for Regional Infrastructure. The Town IGAs require that the proceeds of the Infrastructure Capital Mill Levy be paid by the Taxing Districts to the Town; however, the Taxing Districts are permitted to retain revenues from the Infrastructure Capital Mill Levy to the extent needed to pay debt service on obligations repayable in whole or in part from such mill levy (which includes the Bonds). The Town IGAs also provide that the Districts impose the Town Capital and Maintenance Mill Levy (5.000 mills, subject to adjustment) and use the proceeds for the planning, design, constructions and/or maintenance of Town infrastructure. The Town IGAs require that the proceeds of the Infrastructure Capital Mill Levy be paid by the Districts to the Town.

The 2020 Bonds are secured by (1) the required mill levy, (2) that portion of the specific ownership taxes collected as the result of the required mill levy, and (3) any other legally available moneys which the Board determines to apply as pledged revenue. The required mill levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with moneys held in the loan payment fund, to pay the principal of and interest on the loan when due, but not in excess by each of the Districts of 57 mills for the Maximum Debt Mills Levy, 5 mills for the Infrastructure Capital Mill Levy, and 5 mills for the Town Capital and Maintenance Mills Levy, subject to adjustment for any changes in the method of calculating assessed valuation since 2020. The adjusted maximum required mill levy for the 2021 budget is 50.000. When the debt to assessed ratio is 50% or less, the required mill levy is an ad valorem mill levy imposed upon all property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the loan when due, without limitation of rate and in amounts sufficient to make such payments when due. At December 31, 2020, the debt to assessed ratio was 80.4%.

The District issued \$71,529,628 in General Obligation Bonds dated March 13, 2020 to finance public improvements consistent with the District's Service Plan. Bond proceeds were also transferred by the bond resolution from the Capital Projects Fund to the Debt Service Fund to pay the bond interest for the subsequent construction period and to establish a reserve account.

**HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,600,000	\$ 1,600,000
2022	-	1,600,000	1,600,000
2023	-	1,600,000	1,600,000
2024	-	1,600,000	1,600,000
2025	-	1,600,000	1,600,000
2026-2030	1,475,000	18,129,850	19,604,850
2031-2035	10,725,000	19,266,889	29,991,889
2036-2040	16,300,000	15,744,051	32,044,051
2041-2045	22,970,000	10,631,150	33,601,150
2046-2049	24,670,000	3,461,860	28,131,860
Total	<u>\$ 76,140,000</u>	<u>\$ 75,233,800</u>	<u>\$ 151,373,800</u>

Authorized Debt

On November 3, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$1,589,380,000 at an interest rate not to exceed 18% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized November 5, 2015	Authorization Used - Series 2020 Bonds	Authorized But Unissued
Public Improvements	\$ 1,222,600,000	\$ 71,529,628	\$ 1,151,070,372
Operations and Maintenance	122,260,000	-	122,260,000
Intergovernmental Agreements	122,260,000	-	122,260,000
Refunding	122,260,000	-	122,260,000
Total	<u>\$ 1,589,380,000</u>	<u>\$ 71,529,628</u>	<u>\$ 1,517,850,372</u>

Developer Advances

Facilities Funding and Acquisition Agreement (FFAA)

On April 8, 2020, the District and Jen Colorado 18, LLC (the Developer) entered into a Facilities Funding and Acquisition Agreement to repay advances made by the Developer for capital infrastructure costs. The District agreed to repay the prior Developer for such capital advances plus accrued interest at the rate of 7.00%. As of December 31, 2020, outstanding advances under the agreement totaled \$108,544 and accrued interest totaled \$583.

HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Funding and Reimbursement Agreement – Operations (OFA)

On October 29, 2019, the District entered into a Funding and Reimbursement Agreement - Operations (the OFA) to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such O&M advances plus accrued interest at the rate of 7.00% simple interest. As of December 31, 2020, outstanding advances under the agreement totaled \$172,340 and accrued interest totaled \$4,431.

NOTE 6 NET POSITION

The District has net position consisting of one component – unrestricted.

The District has a deficit in unrestricted net position. This deficit was a result of the District being responsible for the repayment of bonds issued for public improvements.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is JEN Colorado 18 LLC. (the Developer). The majority members of the Board of Directors are employees of, owners of, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS

Water and Sewer Main Improvement and Financial Guarantee Agreement

On March 30, 2020, the District entered into the Water and Sewer Main Improvement and Financial Guarantee Agreement with the Parker Water and Sanitation District (PWSD) and the Developer. Per the Agreement PWSD approved certain plans to construct public improvements, and the District agreed to fund a Surety to be held by PWSD in the initial funding amount of \$1,788,984, which is 120% of estimated costs. The Surety is funded so as to provide funds to enable PWSD to undertake or complete the approved plans for public improvements in the event the District fails to complete the construction in either a timely or workmanlike manner. PWSD will release 25% of estimated costs to the District upon incremental completion intervals of 25% up until 100% completion. The remaining 20% of estimated costs will be released after a two-year warranty period and upon obtaining final acceptance of the public improvements, less any amounts PWSD may be required to expend. As of December 31, 2020, the amount held by PWSD under this agreement is \$1,341,738.

**HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 AGREEMENTS (CONTINUED)

Agreement Regarding Public Improvements Funding

On April 8, 2020, the District entered into the Agreement Regarding Public Improvements Funding. The Developer has entered into a certain Subdivision Agreement with the Town of Parker (SA) and a certain Financial Guarantee Agreement (FGA) with the Town of Parker. Per the Agreement the District agreed to provide initial funding for the SA Surety in the amount of \$5,599,200 and provide initial funding for the FGA Surety of \$16,962,566. Further, subject to annual appropriation by the District the District agreed to provide additional funds in the event that the Town of Parker requires additional funds to be deposited with the Town, and has deposited an additional \$1,463,333 with the Town in 2020. Not more frequently than once per month, the District may submit an application to secure the release of a specified amount of the District Funds from the Town (each a "Draw Request"). Each Draw Request shall request funds necessary to fund specific progress toward the completion of the applicable Public Improvements. As of December 31, 2020, the amount held by Town of Parker under this agreement is \$8,282,535.

Post-Closing Improvements Completion Agreement

On December 30, 2020, the District entered into the Post-Closing Improvements Completion Agreement with the Developer, Land Title Guarantee Company (Escrow Agent), and Lennar Colorado, LLC (Lennar). Per the Agreement upon the first closing on real property within the district the District agreed to fund a Surety to be held by the Escrow Agent in the initial funding amount of \$10,616,796. To the extent that the construction of public improvements is within the scope of public improvements that may be paid for by drawing upon other Surety Funds, the District shall first draw upon those other Surety Funds until such time as only 20% of those Surety Funds remain or the Town of Parker or PWSD refuse to permit the drawing upon those Surety Funds. Thereafter, from time to time, but not more often than once a month, as construction of the public improvements progresses the District may submit a Draw Notice for an amount equal to the cost of the work under the applicable work contracts. As of December 31, 2020, the amount held by PWSD under this agreement is \$10,616,796.

NOTE 9 INTERFUND TRANSFERS

The transfer of \$10,668,000 from the Capital Projects Fund to the Debt Service Fund was from bond proceeds to fund the Debt Service Surplus Fund and the Senior Bond Fund, representing capitalized interest.

HESS RANCH METROPOLITAN DISTRICT NO. 6
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 3, 2015, a majority of the District's electors authorized the District to collect and spend or retain any revenue from fees other than ad valorem property taxes of the District without regard to any limitations under TABOR.

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

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

SUPPLEMENTARY INFORMATION

**HESS RANCH METROPOLITAN DISTRICT NO. 6
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			
Net Investment Income	\$ 150,000	\$ 37,867	\$ (112,133)
Total Revenues	150,000	37,867	(112,133)
EXPENDITURES			
Debt Service:			
Bond Interest	3,705,924	1,146,667	2,559,257
Total Expenditures	3,705,924	1,146,667	2,559,257
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,555,924)	(1,108,800)	2,447,124
OTHER FINANCING SOURCES (USES)			
Transfers from (to) Other Funds	17,898,800	10,668,000	(7,230,800)
Total Other Financing Sources (Uses)	17,898,800	10,668,000	(7,230,800)
NET CHANGE IN FUND BALANCE	14,342,876	9,559,200	(4,783,676)
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 14,342,876	\$ 9,559,200	\$ (4,783,676)

**HESS RANCH METROPOLITAN DISTRICT NO. 6
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			
Net Investment Income	\$ 350,000	\$ 130,322	\$ (219,678)
Total Revenues	<u>350,000</u>	<u>130,322</u>	<u>(219,678)</u>
EXPENDITURES			
Capital Outlay:			
Accounting	-	13,464	(13,464)
Legal	-	50,856	(50,856)
Engineering	-	5,800	(5,800)
Bond Issue Costs	2,050,850	1,939,434	111,416
Capital Outlay	<u>62,335,350</u>	<u>32,870,327</u>	<u>29,465,023</u>
Total Expenditures	<u>64,386,200</u>	<u>34,879,881</u>	<u>29,506,319</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(64,036,200)	(34,749,559)	29,286,641
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	2,500,618	2,500,618
Bond Proceeds - Series 2020A-1	70,720,000	32,000,000	(38,720,000)
Bond Proceeds - Series 2020A-2	11,215,000	30,162,628	18,947,628
Bond Proceeds - Series 2020B	-	9,367,000	9,367,000
Repay Developer Advance	-	(2,500,618)	(2,500,618)
Transfers to Other Fund	<u>(17,898,800)</u>	<u>(10,668,000)</u>	<u>7,230,800</u>
Total Other Financing Sources (Uses)	<u>64,036,200</u>	<u>60,861,628</u>	<u>(3,174,572)</u>
NET CHANGE IN FUND BALANCE	-	26,112,069	26,112,069
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 26,112,069</u>	<u>\$ 26,112,069</u>

OTHER INFORMATION

**HESS RANCH METROPOLITAN DISTRICT NO. 6
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2016	\$ -	0.000	\$ -	\$ -	- %
2017	-	0.000	-	-	-
2018	-	0.000	-	-	-
2019	-	0.000	-	-	-
2020	-	10.069	-	-	-
Estimated for Year Ending December 31, 2021	\$ 730	10.000	\$ 7		

NOTE:

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

**HESS RANCH METROPOLITAN DISTRICT NO. 6
SCHEDULE OF DEBT MATURITY
DECEMBER 31, 2020**

\$32,000,000
Limited Tax General Obligation
Series 2020A-1
Dated March 13, 2020
Interest Rate at 5.0%
Due June 1 and December 1
Principal Due December 1

\$30,162,628 (\$44,140,000 Value at Conversion)
Limited Tax General Obligation and Convertible
Capital Appreciation Bonds
Series 2020A-2
Dated March 13, 2020 (Conversion Date: December 1, 2026)
Interest Rate at 5.75%
Due June 1 and December 1
Principal Due December 1

							Grand Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 1,600,000	\$ 1,600,000	\$ -	\$ -	\$ -	\$ -	\$ 1,600,000	\$ 1,600,000
2022	-	1,600,000	1,600,000	-	-	-	-	1,600,000	1,600,000
2023	-	1,600,000	1,600,000	-	-	-	-	1,600,000	1,600,000
2024	-	1,600,000	1,600,000	-	-	-	-	1,600,000	1,600,000
2025	-	1,600,000	1,600,000	-	-	-	-	1,600,000	1,600,000
2026	-	1,600,000	1,600,000	-	-	-	-	1,600,000	1,600,000
2027	-	1,600,000	1,600,000	-	2,538,050	2,538,050	-	4,138,050	4,138,050
2028	-	1,600,000	1,600,000	-	2,538,050	2,538,050	-	4,138,050	4,138,050
2029	240,000	1,600,000	1,840,000	180,000	2,538,050	2,718,050	420,000	4,138,050	4,558,050
2030	500,000	1,588,000	2,088,000	555,000	2,527,700	3,082,700	1,055,000	4,115,700	5,170,700
2031	700,000	1,563,000	2,263,000	845,000	2,495,788	3,340,788	1,545,000	4,058,788	5,603,788
2032	880,000	1,528,000	2,408,000	1,105,000	2,447,200	3,552,200	1,985,000	3,975,200	5,960,200
2033	960,000	1,484,000	2,444,000	1,235,000	2,383,663	3,618,663	2,195,000	3,867,663	6,062,663
2034	1,060,000	1,436,000	2,496,000	1,375,000	2,312,650	3,687,650	2,435,000	3,748,650	6,183,650
2035	1,110,000	1,383,000	2,493,000	1,455,000	2,233,588	3,688,588	2,565,000	3,616,588	6,181,588
2036	1,215,000	1,327,500	2,542,500	1,615,000	2,149,925	3,764,925	2,830,000	3,477,425	6,307,425
2037	1,280,000	1,266,750	2,546,750	1,705,000	2,057,063	3,762,063	2,985,000	3,323,813	6,308,813
2038	1,395,000	1,202,750	2,597,750	1,875,000	1,959,025	3,834,025	3,270,000	3,161,775	6,431,775
2039	1,465,000	1,133,000	2,598,000	1,985,000	1,851,213	3,836,213	3,450,000	2,984,213	6,434,213
2040	1,590,000	1,059,750	2,649,750	2,175,000	1,737,075	3,912,075	3,765,000	2,796,825	6,561,825
2041	1,665,000	980,250	2,645,250	2,305,000	1,612,013	3,917,013	3,970,000	2,592,263	6,562,263
2042	1,805,000	897,000	2,702,000	2,510,000	1,479,475	3,989,475	4,315,000	2,376,475	6,691,475
2043	1,895,000	806,750	2,701,750	2,655,000	1,335,150	3,990,150	4,550,000	2,141,900	6,691,900
2044	2,040,000	712,000	2,752,000	2,895,000	1,182,488	4,077,488	4,935,000	1,894,488	6,829,488
2045	2,145,000	610,000	2,755,000	3,055,000	1,016,024	4,071,024	5,200,000	1,626,024	6,826,024
2046	2,305,000	502,750	2,807,750	3,315,000	840,362	4,155,362	5,620,000	1,343,112	6,963,112
2047	2,420,000	387,500	2,807,500	3,505,000	649,749	4,154,749	5,925,000	1,037,249	6,962,249
2048	2,600,000	266,500	2,866,500	3,790,000	448,212	4,238,212	6,390,000	714,712	7,104,712
2049	2,730,000	136,500	2,866,500	4,005,000	230,287	4,235,287	6,735,000	366,787	7,101,787
	<u>\$ 32,000,000</u>	<u>\$ 34,671,000</u>	<u>\$ 66,671,000</u>	<u>\$ 44,140,000</u>	<u>\$ 40,562,800</u>	<u>\$ 84,702,800</u>	<u>\$ 76,140,000</u>	<u>\$ 75,233,800</u>	<u>\$ 151,373,800</u>