

**ASPEN GROVE BUSINESS
IMPROVEMENT DISTRICT**

Financial Statements

December 31, 2020

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Aspen Grove Business Improvement District
Arapahoe County, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Aspen Grove Business Improvement 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.

Other Matters

Required Supplementary Information

Management has not presented the 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 this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and legal compliance and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 has 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.

Dassio & Associates, P.C.

May 25, 2021

BASIC FINANCIAL STATEMENTS

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION

December 31, 2020

Assets	
Cash and Investments - Unrestricted	\$ 838,940
Cash and Investments - Restricted	1,661,072
Property Taxes Receivable	750,852
Capital Assets Not Being Depreciated	890,950
Capital Assets, Net	1,683,441
Total Assets	<u>5,825,255</u>
Deferred Outflows of Resources	
Loss on Refunding	<u>268,242</u>
Liabilities	
Accounts Payable	1,299
Due to County Treasurer	32,907
Accrued Interest Payable	12,894
Noncurrent Liabilities	
Due Within One Year	385,000
Due In More Than One Year	4,100,000
Total Liabilities	<u>4,532,100</u>
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	<u>750,852</u>
Net Position	
Net Investment in Capital Assets	(1,642,367)
Restricted	
Debt Service	1,615,271
Tabor Emergencies	2,300
Unrestricted	835,341
Total Net Position	<u><u>\$ 810,545</u></u>

The notes to the financial statements are an integral part of this statement.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Government Activities:					
General Government	\$ 14,276	\$ -	\$ -	\$ -	\$ (14,276)
Interest and Related Charges on Long-term Debt	228,804	-	-	-	(228,804)
Unallocated Depreciation	140,070	-	-	-	(140,070)
Total	\$ 383,150	\$ -	\$ -	\$ -	(383,150)

General Revenues:

Property Taxes - Debt Service	755,372
Specific Ownership Taxes	55,980
Net Investment Income	14,738

Total General Revenues 826,090

Change in Net Position 442,940

Net Position - Beginning 367,605

Net Position - Ending \$ 810,545

The notes to the financial statements are an integral part of this statement.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Investments - Unrestricted	\$ 838,940	\$ -	\$ 838,940
Cash and Investments - Restricted	-	1,661,072	1,661,072
Property Taxes Receivable	-	750,852	750,852
Total Assets	<u>\$ 838,940</u>	<u>\$ 2,411,924</u>	<u>\$ 3,250,864</u>
Liabilities			
Accounts Payable	\$ 1,299	\$ -	\$ 1,299
Due to County Treasurer	-	32,907	32,907
Total Liabilities	<u>1,299</u>	<u>32,907</u>	<u>34,206</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	-	750,852	750,852
Fund Balances			
Restricted for Debt Service	-	1,628,165	1,628,165
Restricted for TABOR Emergencies	2,300	-	2,300
Unassigned	835,341	-	835,341
Total Fund Balances	<u>837,641</u>	<u>1,628,165</u>	<u>2,465,806</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 838,940</u>	<u>\$ 2,411,924</u>	<u>\$ 3,250,864</u>

The notes to the financial statements are an integral part of this statement.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2020

Total Fund Balances - Governmental Funds \$ 2,465,806

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Those assets consist of:

Clearing and Grading	\$ 860,549	
Wetlands Replacement	30,401	
Streets and Parking Lots, Net	961,732	
Landscaping, Net	222,136	
Hardscaping, Net	206,686	
Storm Drainage, Net	274,982	
Piping, Net	<u>17,905</u>	2,574,391

The deferred charges on refunding are not financial resources and, therefore, are not reported in the funds 268,242

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at year end are:

General Obligation Refunding Bonds Payable (4,485,000)

Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due (12,894)

Net Position - Governmental Activities \$ 810,545

The notes to the financial statements are an integral part of this statement.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ -	\$ 755,372	\$ 755,372
Specific Ownership Taxes	55,980	-	55,980
Net Investment Income	17,788	(3,050)	14,738
Total Revenues	<u>73,768</u>	<u>752,322</u>	<u>826,090</u>
Expenditures			
Current			
Accounting and Auditing	6,250	-	6,250
Legal	7,841	-	7,841
Other	185	-	185
County Treasurer's Fees	-	11,285	11,285
Debt Service			
Principal	-	370,000	370,000
Interest	-	167,498	167,498
Paying Agent Fees	-	400	400
Total Expenditures	<u>14,276</u>	<u>549,183</u>	<u>563,459</u>
Net Change in Fund Balances	59,492	203,139	262,631
Fund Balances - Beginning	778,149	1,425,026	2,203,175
Fund Balances - Ending	<u>\$ 837,641</u>	<u>\$ 1,628,165</u>	<u>\$ 2,465,806</u>

The notes to the financial statements are an integral part of this statement.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

Net Change in Fund Balances - Governmental Funds	\$ 262,631
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(140,070)
Long-term debt (e.g., issuance of bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal Payment - General Obligation Refunding Bonds	370,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Amortization of deferred loss on refunding	(50,685)
Interest expense in the statement of activities differs from the amount reported in governmental funds because of the change in accrued interest.	
Change in accrued interest on bonds payable	<u>1,064</u>
Change in Net Position - Governmental Activities	<u><u>\$ 442,940</u></u>

The notes to the financial statements are an integral part of this statement.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual
Revenues				
Specific Ownership Tax	\$ 55,000	\$ 55,980	\$ 980	\$ 82,979
Net Investment Income	25,000	17,788	(7,212)	49,904
Total Revenues	80,000	73,768	(6,232)	132,883
Expenditures				
Current				
Accounting and Auditing	7,700	6,250	1,450	6,160
Legal	15,000	7,841	7,159	7,981
Other	500	185	315	-
Contingency	56,800	-	56,800	-
Total Expenditures	80,000	14,276	65,724	14,141
Net Change in Fund Balance	-	59,492	59,492	118,742
Fund Balance - Beginning	748,507	778,149	29,642	659,407
Fund Balance - Ending	\$ 748,507	\$ 837,641	\$ 89,134	\$ 778,149

The notes to the financial statements are an integral part of this statement.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS December 31, 2020

Note 1 – Definition of Reporting Entity

The Aspen Grove Business Improvement District (the District) was formed by the City of Littleton, Colorado (the City) through Ordinance No. 24, Series of 2000, adopted on August 15, 2000 pursuant to Section 31-25-1201, et seq., C.R.S. for the purpose of financing the public improvements and services needed for the Aspen Grove Lifestyle Center, a commercial business area located within Arapahoe County, and entirely within the City. By way of explanation and not limitation, the initial approved Operating Plan for the District provided for the District to construct, install and/or acquire street improvements, including bicycle paths, curbs, gutters, traffic safety control devices, sidewalks, pedestrian malls, street lights, drainage facilities, water and sewer facilities, and landscaping of common areas.

The District contains approximately 36 acres of property which consists of the Aspen Grove Lifestyle Center (the "Shopping Center"). The Shopping Center is an open-air shopping area containing approximately 252,477 square feet of retail and restaurant space. The Aspen Grove Lifestyle Center is owned by Aspen GRF₂, LLC, a Delaware Limited Liability Company. The Lifestyle Center is managed Gerrity Retail Management, LLC, a Delaware limited liability company.

During 2008, the City Council excluded approximately 17 acres of vacant ground from a portion of the Aspen Grove Subdivision, Arapahoe County, Colorado from the District's boundaries. The District's Board of Directors supported the exclusion because it was believed it would facilitate development of the excluded property. The excluded property remains obligated to pay its proportionate share of the District's outstanding bonded indebtedness existing as of the date of the exclusion (see Note 5).

The District is governed by a five-member Board of Directors appointed by the City.

In accordance with state statute, the District submits an operating plan and budget to the City each year for approval.

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

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

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS December 31, 2020

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 District organization. The City has taken the position that the District is a legally separate governmental unit and not a component unit of the City. City Council oversight includes appointment of the District's Board of Directors and approval of the District's annual budget.

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. Governmental activities are normally supported by property taxes.

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

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. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS December 31, 2020

have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Annual Operating Plan and Budgets

The District provides an annual operating plan and budget to City of Littleton City Council for its review and approval on or before September 30 of each year. The annual operating plan and budget includes a description of its proposed activities for the upcoming budget year and includes a report of the District's activities for the past year. The City approves or disapproves the operating plan and budget within thirty days after receipt of the operating plan and budget, but not later than December 5. The operating plan and the budget may, from time to time, be amended by the District with the approval of the City.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS 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.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

Restricted Assets

Certain cash and investments of the Debt Service Fund are classified as restricted assets because their use is limited by applicable bond covenants.

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 are recorded as a receivable and deferred inflow of resources when levied, and subsequently recorded as revenue in the year they are available or collected.

Capital Assets

General capital assets are those assets not specifically related to activities reported in other funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS December 31, 2020

received. The District maintains a capitalization policy of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except certain land and wetlands improvements are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Streets and parking lots	40 years
Landscaping	25 years
Hardscaping	25 years
Storm drainage	40 years
Irrigation	10 years
Piping	40 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. Accordingly, the item, *loss on refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualify for reporting in this category. Accordingly, one item, unavailable revenue – property tax, is reported in both the governmentwide statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bonds payable are reported net of the applicable bond premium. Bond premiums and deferred losses on bond refundings are deferred and amortized over the life of the bonds using the effective interest method and charged to interest expense. Debt issuance costs, except any

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS December 31, 2020

portion related to prepaid insurance costs, are expensed when incurred. The unamortized deferred loss on refundings is reported as a deferred outflow of resources.

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

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position that is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The District's net investment in capital assets as of December 31, 2020 totaled \$(1,642,367). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements which were constructed and conveyed to other governmental entities.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

Unrestricted net position represents assets that do not have any third-party limitations on their use.

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.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

Fund Balances

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.

The District reports the following Restricted Fund Balances:

Restricted for Debt Service

Represents the portion of fund balance that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for TABOR Emergencies

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).

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.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

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.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Note 3 – Cash and Investments

The District’s unrestricted and restricted cash and investments consist of the following on December 31, 2020:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ 849	\$ -	\$ 849
Investments	838,091	1,661,072	2,499,163
Total	<u>\$ 838,940</u>	<u>\$ 1,661,072</u>	<u>\$ 2,500,012</u>

Deposits with Financial Institutions

Custodial credit risk

Custodial risk for cash is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS December 31, 2020

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 equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions 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 \$3,927 and a carrying balance of \$849 which were insured by federal depository insurance and consequently not exposed to custodial credit risk.

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 obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. 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 US 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

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

At December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Government Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 Days	<u>\$ 2,499,163</u>

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.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Clearing and Grading	\$ 860,549	\$ -	\$ -	\$ 860,549
Wetlands Replacement	30,401	-	-	30,401
Total Capital Assets Not Being Depreciated	<u>890,950</u>	<u>-</u>	<u>-</u>	<u>890,950</u>
Capital Assets Being Depreciated:				
Streets and Parking Lots	1,876,728	-	-	1,876,728
Landscaping	1,009,720	-	-	1,009,720
Hardscaping	939,514	-	-	939,514
Storm Drainage	536,555	-	-	536,555
Irrigation	240,654	-	-	240,654
Piping	70,705	-	-	70,705
Total Capital Assets Being Depreciated	<u>4,673,876</u>	<u>-</u>	<u>-</u>	<u>4,673,876</u>
Accumulated Depreciation:				
Streets and Parking Lots	(868,078)	(46,918)	-	(914,996)
Landscaping	(747,195)	(40,389)	-	(787,584)
Hardscaping	(695,247)	(37,581)	-	(732,828)
Storm Drainage	(248,159)	(13,414)	-	(261,573)
Irrigation	(240,654)	-	-	(240,654)
Piping	(51,032)	(1,768)	-	(52,800)
Total Accumulated Depreciation	<u>(2,850,365)</u>	<u>(140,070)</u>	<u>-</u>	<u>(2,990,435)</u>
Total Capital Assets Being Depreciated, Net	<u>1,823,511</u>	<u>(140,070)</u>	<u>-</u>	<u>1,683,441</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,714,461</u>	<u>\$ (140,070)</u>	<u>\$ -</u>	<u>\$ 2,574,391</u>

Subdivider Improvement Agreement

In January 2001, the District entered into a Subdivider Improvement Agreement with the City and intergovernmental agreements with Southwest Metropolitan Water and Sanitation District (Southwest W&S). Under the agreements, the District is responsible for financing, constructing, and issuing a warranty on constructed assets for a one-year period. Upon conditional acceptance or expiration of the warranty period, the District is to convey specific assets to the City and Southwest W&S. In 2007, all remaining assets subject to the agreements were conveyed to the applicable parties.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

Note 5 – Long-term Debt

The following is an analysis of changes in long-term debt for the year ended December 31, 2020.

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Limited Tax General Obligation Refunding Bonds, series 2018	\$ 4,855,000	\$ -	\$ 370,000	\$ 4,485,000	\$ 385,000

Limited Tax General Obligation Refunding Bond, Series 2018

On April 13, 2018, the District issued a Limited Tax General Obligation Refunding Bond in the original amount of \$5,435,000 (the “2018 Bond”). The proceeds of the 2018 Bond were used to refund the remaining amount due on the Limited Tax General Obligation Refunding Bonds, Series 2007, in the principal amount of \$6,005,000 and provide for the payment of issuance costs.

The 2018 Bond, maturing on December 1, 2030, with interest at 3.45%, is subject to mandatory sinking fund redemption beginning on December 1, 2018 in varying amounts through maturity. The Bond is subject to redemption prior to maturity, at the option of the District, in whole but not in part, on December 1, 2023 or any date thereafter, upon payment of par and accrued interest, without redemption premium.

The 2018 Bond constitutes limited tax general obligations of the District payable solely from Pledged Revenue. Pledged Revenue is defined as moneys derived by the District from the following sources, after payment of the costs of collection (a) the Required Mill Levy; (b) the Specific Ownership Tax, subject to the limitations below; and (c) any other legally available moneys which the District determines to credit to the payment of the bonds.

The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds, but not in excess of 70 mills.

If the Required Mill Levy required to be imposed by the District was:

- (i) 70 mills, then all such Specific Ownership Taxes shall be considered pledged revenue.
- (ii) equal to or greater than 65 mills, but less than 70 mills, then all Specific Ownership Taxes shall be deposited into the Specific Ownership Tax Fund and provided that at such time as there is credited to the Bond Fund amounts sufficient to pay the principal of,

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

premium if any, and interest on the Bonds which have or will become due in such calendar year, any Specific Ownership Taxes thereafter received by the District for the remainder of such calendar year shall be retained by the District for application to any lawful purpose, and shall not constitute Pledged Revenue hereunder; or

(iii) less than 65 mills, then all such Specific Ownership Taxes may be retained by the District for application to any lawful purpose and shall not constitute Pledged Revenue hereunder.

The District is subject to a number of limitations and restrictions contained in the bond resolution. Such limitations and covenants include continued collection of pledged revenues, segregation of pledged revenues and permissible investment of pledged revenues. The District believes it is in compliance with all significant covenants.

Annual debt service requirements for the 2018 Bond are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 385,000	\$ 154,733	\$ 539,733
2022	395,000	141,450	536,450
2023	410,000	127,823	537,823
2024	425,000	113,678	538,678
2025	440,000	99,015	539,015
2026-2030	2,430,000	257,026	2,687,026
	<u>\$ 4,485,000</u>	<u>\$ 893,725</u>	<u>\$ 5,378,725</u>

Note 6 – Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Note 7 – Related Party

Two of the three District's Board of Directors are employees of Gerrity Retail Management LLC, a Delaware limited liability company which is affiliated with the owner of the Aspen Grove Lifestyle Center. The owner of the Aspen Grove Lifestyle Center is GRF₂ LLC, a Delaware limited liability company.

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

Note 8 – Tax Spending and Debt Limitations

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

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

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, may require judicial interpretation.

SUPPLEMENTARY INFORMATION

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual
Revenues				
Property Taxes	\$ 789,954	\$ 755,372	\$ (34,582)	\$ 1,033,251
Net Investment Income	1,000	(3,050)	(4,050)	(3,251)
Total Revenues	<u>790,954</u>	<u>752,322</u>	<u>(38,632)</u>	<u>1,030,000</u>
Expenditures				
Current				
County Treasurer's Fees	16,000	11,285	4,715	15,450
Legal Fees	1,500	-	1,500	-
Contingency	230,954	-	230,954	-
Debt service				
Principal	370,000	370,000	-	360,000
Interest	167,498	167,498	-	179,918
Paying Agent Fees	5,000	400	4,600	400
Total Expenditures	<u>790,952</u>	<u>549,183</u>	<u>241,769</u>	<u>555,768</u>
Net Change in Fund Balance	2	203,139	203,137	474,232
Fund Balance - Beginning	<u>1,453,606</u>	<u>1,425,026</u>	<u>(28,580)</u>	<u>950,794</u>
Fund Balance - Ending	<u>\$ 1,453,608</u>	<u>\$ 1,628,165</u>	<u>\$ 174,557</u>	<u>\$ 1,425,026</u>

See the Independent Auditor's Report

OTHER INFORMATION

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**Schedule of Future Debt Service Requirements
December 31, 2020**

**\$5,435,000 Limited Tax General Obligation Refunding Bonds
Series 2018**

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	3.450	\$ 385,000	\$ 154,733	\$ 539,733
2022	3.450	395,000	141,450	536,450
2023	3.450	410,000	127,823	537,823
2024	3.450	425,000	113,678	538,678
2025	3.450	440,000	99,015	539,015
2026	3.450	455,000	83,835	538,835
2027	3.450	470,000	68,138	538,138
2028	3.450	485,000	51,923	536,923
2029	3.450	500,000	35,190	535,190
2030	3.450	520,000	17,940	537,940
		<u>\$ 4,485,000</u>	<u>\$ 893,725</u>	<u>\$ 5,378,725</u>

ASPEN GROVE BUSINESS IMPROVEMENT DISTRICT

**Schedule of Assessed Valuation, Mill Levy and
Property Taxes Collected**

Levy Year	Collection Year	Assessed Valuation	Mills Levied	Total Levy	Current Collection	Collection Rate
2010	2011	\$ 13,014,680	64.958	\$ 845,408	\$ 844,696	99.92%
2011	2012	12,612,060	67.200	847,530	847,530	100.00%
2012	2013	13,897,750	60.000	833,865	832,174	99.80%
2013	2014	14,741,920	60.000	884,515	881,194	99.62%
2014	2015	16,551,832	60.000	993,110	990,455	99.73%
2015	2016	20,783,431	42.000	872,904	869,900	99.66%
2016	2017	21,118,999	42.000	886,998	886,998	100.00%
2017	2018	26,586,973	40.000	1,063,479	1,062,784	99.93%
2018	2019	26,314,052	40.223	1,058,430	1,058,425	100.00%
2019	2020	31,598,167	25.000	789,954	755,372	95.62%

Estimated for
Year Ending
December 31,
2021

\$ 30,034,060 25.000 \$ 750,852

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

Source: Arapahoe County Assessor and Treasurer.