

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**


**YEAR ENDED DECEMBER 31, 2021**


**ASPEN HILLS METROPOLITAN DISTRICT  
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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors

Aspen Hills Metropolitan District  
Adams County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Aspen Hills Metropolitan District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Aspen Hills Metropolitan District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Other Matters**

#### *Required Supplementary Information*

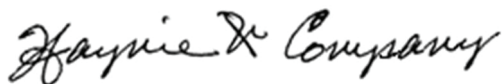
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aspen Hills Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Littleton, Colorado  
May 23, 2022

## **BASIC FINANCIAL STATEMENTS**

**ASPEN HILLS METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments - Restricted	\$ 36,698
Receivable from County Treasurer	1,646
Prepaid Expense	2,475
Property Taxes Receivable	278,947
Capital Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>919,558</u>
Total Assets	<u>1,239,324</u>
<b>LIABILITIES</b>	
Accounts Payable	15,816
Accrued Interest Payable	4,749
Noncurrent Liabilities:	
Due Within One Year	79,000
Due in More Than One Year	<u>1,999,513</u>
Total Liabilities	<u>2,099,078</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>278,947</u>
Total Deferred Inflows of Resources	<u>278,947</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	188,525
Restricted for:	
Emergency Reserves	1,200
Debt Service	32,512
Unrestricted	<u>(1,360,938)</u>
Total Net Position	<u>\$ (1,138,701)</u>

See accompanying Notes to Basic Financial Statements.

**ASPEN HILLS METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Government Activities:					
General Government	\$ 84,535	\$ -	\$ -	\$ 17,500	\$ (67,035)
Interest and Related Costs on Long-Term Debt	65,788	-	-	-	(65,788)
Public Works - Transfer of Capital Improvements to Other Governments	<u>776,241</u>				<u>(776,241)</u>
Total Governmental Activities	<u>\$ 926,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,500</u>	<u>(909,064)</u>
<b>GENERAL REVENUES</b>					
Property Taxes					196,486
Specific Ownership Taxes					13,594
Net Investment Income					936
Total General Revenues					<u>211,016</u>
<b>CHANGE IN NET POSITION</b>					(698,048)
Net Position - Beginning of Year					<u>(440,653)</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ (1,138,701)</u>

See accompanying Notes to Basic Financial Statements.

**ASPEN HILLS METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Cash and Investments - Restricted	770	35,928	-	36,698
Receivable from County Treasurer	313	1,333	-	1,646
Prepaid Insurance	2,475	-	-	2,475
Property Tax Receivable	49,997	228,950	-	278,947
Total Assets	\$ 53,555	\$ 266,211	\$ -	\$ 319,766
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 15,472	\$ -	\$ 344	\$ 15,816
Total Liabilities	15,472	-	344	15,816
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	49,997	228,950	-	278,947
Total Deferred Inflows or Resources	49,997	228,950	-	278,947
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable for:				
Prepaid Expense	2,475	-	-	2,475
Restricted for:				
Emergency Reserves	1,200	-	-	1,200
Debt Service	-	37,261	-	37,261
Assigned	-	-	-	-
Unassigned	(15,589)	-	(344)	(15,933)
Total Fund Balances (Deficits)	(11,914)	37,261	(344)	25,003
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 53,555	\$ 266,211	\$ -	
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.				
				919,558
Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Loan Payable				(1,965,000)
Accrued Loan Interest				(4,749)
Developer Advance Payable				(90,700)
Accrued Interest on Developer Advances				(22,813)
				(2,082,562)
Net Position of Governmental Activities				\$ (1,138,701)

See accompanying Notes to Basic Financial Statements.

**ASPEN HILLS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 37,342	\$ 159,144	\$ -	\$ 196,486
Specific Ownership Taxes	2,584	11,010	-	13,594
Net Investment Income	65	290	581	936
Facilities Fees	-	-	17,500	17,500
Total Revenues	<u>39,991</u>	<u>170,444</u>	<u>18,081</u>	<u>228,516</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	25,050	-	-	25,050
Audit	5,000	-	-	5,000
Banking Fees	-	-	41	41
County Treasurer's Fees	561	2,391	-	2,952
Dues and Licenses	282	-	-	282
Directors' Fees	1,500	-	-	1,500
Insurance	2,475	-	-	2,475
Legal	25,632	-	-	25,632
Debt Service:				
Interest - 2020 Loan	-	55,463	-	55,463
Principal - 2020 Loan	-	72,000	-	72,000
Paying Agent Fees	-	575	-	575
Capital Outlay:				
Streets	-	-	925,042	925,042
Storm Drainage	-	-	18,510	18,510
Total Expenditures	<u>60,500</u>	<u>130,429</u>	<u>943,593</u>	<u>1,134,522</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(20,509)	40,015	(925,512)	(906,006)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	15,000	-	30,000	45,000
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>-</u>	<u>30,000</u>	<u>45,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(5,509)	40,015	(895,512)	(861,006)
Fund Balances (Deficits) - Beginning of Year	<u>(6,405)</u>	<u>(2,754)</u>	<u>895,168</u>	<u>886,009</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ (11,914)</u>	<u>\$ 37,261</u>	<u>\$ (344)</u>	<u>\$ 25,003</u>

See accompanying Notes to Basic Financial Statements.

**ASPEN HILLS METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (861,006)

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

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

Capital Expenditures	943,552
Depreciation	(23,994)
Transfer of Capital Improvements to Other Governments	(776,241)

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.

Developer Advance	(45,000)
Loan Principal Repayment	72,000

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

Accrued Developer Advance Interest - Change in Liability	(4,087)
Accrued Loan Interest - Change in Liability	(3,272)

Changes in Net Position of Governmental Activities \$ (698,048)

**ASPEN HILLS METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 38,055	\$ 38,055	\$ 37,342	\$ (713)
Specific Ownership Taxes	2,664	2,600	2,584	(16)
Other Revenue	-	23,000	-	(23,000)
Interest income	10	45	65	20
Total Revenues	<u>40,729</u>	<u>63,700</u>	<u>39,991</u>	<u>(23,709)</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	14,000	24,000	25,050	(1,050)
Audit	5,000	5,000	5,000	-
Legal	9,000	28,000	25,632	2,368
Insurance	3,000	2,475	2,475	-
Dues and Licenses	300	282	282	-
County Treasurer's Fees	571	571	561	10
Directors' Fees	1,600	2,300	1,500	800
Payroll Tax	122	176	-	176
Repairs and Maintenance	-	5,000	-	5,000
Repay Developer Advance	3,000	-	-	-
Contingency	1,407	2,196	-	2,196
Total Expenditures	<u>38,000</u>	<u>70,000</u>	<u>60,500</u>	<u>9,500</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,729	(6,300)	(20,509)	(14,209)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	-	-	15,000	15,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,729	(6,300)	(5,509)	791
Fund Balance (Deficit) - Beginning of Year	<u>1,294</u>	<u>(6,405)</u>	<u>(6,405)</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 4,023</u>	<u>\$ (12,705)</u>	<u>\$ (11,914)</u>	<u>\$ 791</u>

See accompanying Notes to Basic Financial Statements.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

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

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Budgets**

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

The District amended its budget for the year ended December 31, 2021.

**Facilities Fees**

On April 28, 2004, the District adopted a resolution imposing a Facilities Fee in the amount of \$500 per dwelling unit. The Facilities Fee is due and payable at the time any dwelling unit is purchased for occupancy or lease. The Facilities Fee, until paid, shall be deemed a perpetual lien against the property. Prior to the repayment of the Series 2004 Bonds, the Facilities Fees were pledged revenue toward the payment of debt service on the Series 2004 Bonds. As of December 31, 2020, the Facilities Fees are capital revenue, to be used for the purchase or construction of capital improvements. As of December 31, 2021, all Facilities Fees have been collected on property within the District.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**Property Taxes**

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

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Capital Assets**

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Drainage Pond	25 Years
Streets/Sidewalks	20 Years
Mailboxes	10 Years

**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.

**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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Equity (Continued)**

**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.

**Deficits**

At December 31, 2021, the General Fund reported a deficit of \$(111,914) and the Capital Projects Fund reported a deficit of \$(344) in the fund financial statements. It is anticipated that these deficits will be eliminated with the receipt of property taxes and specific ownership taxes in 2022.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Restricted	\$ 36,698
Total Cash and Investments	\$ 36,698

Cash and investments as of December 31, 2021 consist of the following:

Deposits with Financial Institutions	\$ 553
Investments	36,145
Total Cash and Investments	\$ 36,698

**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, 2021, the District's deposits with financial institutions had a bank balance and a carry balance of \$553, which is insured through the FDIC.

**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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Investments (Continued)**

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

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

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 36,145

**CSAFE**

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

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2021, follows:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 776,241	\$ -	\$ 776,241	\$ -
Total Capital Assets, Not Being Depreciated	776,241	-	776,241	-
Capital Assets, Being Depreciated:				
Streets/Sidewalks	-	893,302	-	893,302
Drainage Pond	-	18,510	-	18,510
Mailboxes	-	31,740	-	31,740
Total Capital Assets, Being Depreciated	-	943,552	-	943,552
Less Accumulated Depreciation For:				
Streets/Sidewalks	-	(22,333)	-	(22,333)
Detention Pond	-	(74)	-	(74)
Drainage Pond	-	(1,587)	-	(1,587)
Total Accumulated Depreciation	-	(23,994)	-	(23,994)
Total Capital Assets, Being Depreciated	-	919,558	-	919,558
Governmental Activities Capital Assets, Net	<u>\$ 776,241</u>	<u>\$ 919,558</u>	<u>\$ 776,241</u>	<u>\$ 919,558</u>

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

Governmental Activities:	
General Government	<u>\$ 23,994</u>

The District will own and maintain the detention pond and certain internal streets, driveways, and sidewalks.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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, 2021:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Loans from Direct Borrowings					
Tax-Free Refunding Loan - Series 2020	\$ 2,037,000	\$ -	\$ 72,000	\$ 1,965,000	\$ 79,000
Subtotal of Loans from Direct Borrowings	<u>2,037,000</u>	<u>-</u>	<u>72,000</u>	<u>1,965,000</u>	<u>79,000</u>
Other Debts					
Developer Advances	45,700	15,000	-	60,700	-
Operations	-	30,000	-	30,000	-
Capital					
Accrued Interest on Developer Advances					
Operations	18,726	3,745	-	22,471	-
Capital	-	342	-	342	-
Subtotal of Other Debts	<u>64,426</u>	<u>49,087</u>	<u>-</u>	<u>113,513</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 2,101,426</u>	<u>\$ 49,087</u>	<u>\$ 72,000</u>	<u>\$ 2,078,513</u>	<u>\$ 79,000</u>

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

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

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

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

The 2020 Loan is secured by (1) the required mill levy, (2) that portion of the specific ownership taxes collected as the result of the required mill levy, and (3) any other legally available moneys which the Board determines to apply as pledged revenue. The required mill levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with moneys held in the loan payment fund, to pay the principal of and interest on the loan when due, but not in excess of 50 mills, subject to adjustment for any changes in the method of calculating assessed valuation since 2002. The adjusted maximum required mill levy for the 2021 budget was 63.986. When the debt to assessed ratio is 50% or less, the required mill levy is an ad valorem mill levy imposed upon all property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the loan when due, without limitation of rate and in amounts sufficient to make such payments when due. At December 31, 2021, the debt to assessed ratio was 54.9%.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 79,000	\$ 56,985	\$ 135,985
2023	81,000	54,694	135,694
2024	84,000	52,345	136,345
2025	86,000	49,909	135,909
2026	89,000	47,415	136,415
2027-2031	483,000	196,939	679,939
2032-2036	557,000	122,786	679,786
2037-2040	506,000	37,207	543,207
Total	<u>\$ 1,965,000</u>	<u>\$ 618,280</u>	<u>\$ 2,583,280</u>

**Authorized Debt**

On November 8, 2002, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$26,100,000 at an interest rate not to exceed 18% per annum. At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

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

**Developer Advances**

In 2004, the District entered into an Advance and Reimbursement Agreement (Old Agreement) with the Developer. In 2016, the Old Agreement was terminated and all advances under the Old Agreement were assigned to a new Advance and Reimbursement Agreement (New Agreement). Advances under the New Agreement accrue interest at the rate of 6% per annum. Developer advances are not general obligation debt. Payments under the New Agreement are subject to annual appropriation from available funds not needed for operations or debt service. At December 31, 2021, the amount owed to the Developer was \$113,513, which includes \$22,813 of accrued unpaid interest.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 NET POSITION**

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

The net investment in capital assets component of net position consists of capital assets that will be owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2021, the District’s net investment in capital assets was calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 919,558
Less Capital Related Debt:	
Current Portion of Long-Term Obligations	(43,343)
Noncurrent Portion of Long-Term Obligations	(1,064,740)
Net Investment in Capital Assets	\$ (188,525)

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations. The District had restricted net position as of December 31, 2021 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 1,200
Debt Service	32,512
Total	\$ 33,712

The District has a deficit in unrestricted net position. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District’s financial records. The deficit also includes capitalized interest and cost of issuance expenses that were funded with debt proceeds.

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Amber Development, Inc. (the Developer). A majority of the 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.

**ASPEN HILLS METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God.

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

The District pays annual premiums to the Pool for 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 9 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2021, the District had not fully funded the calculated Emergency Reserve for 2021.

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

## **SUPPLEMENTARY INFORMATION**

**ASPEN HILLS METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 162,181	\$ 159,144	\$ (3,037)
Specific Ownership Taxes	11,353	11,010	(343)
Net Investment Income	100	290	190
Total Revenues	<u>173,634</u>	<u>170,444</u>	<u>(3,190)</u>
<b>EXPENDITURES</b>			
Debt Service:			
County Treasurer's Fees	2,433	2,391	42
Interest - 2020 Loan	55,817	55,463	354
Principal - 2020 Loan	75,000	72,000	3,000
Paying Agent Fees	-	575	(575)
Contingency	2,750	-	2,750
Total Expenditures	<u>136,000</u>	<u>130,429</u>	<u>5,571</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	37,634	40,015	2,381
Fund Balance (Deficit) - Beginning of Year	<u>1,823</u>	<u>(2,754)</u>	<u>(4,577)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 39,457</u>	<u>\$ 37,261</u>	<u>\$ (2,196)</u>

**ASPEN HILLS METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Net Investment Income	\$ 2,250	\$ 700	\$ 581	\$ (119)
Facilities Fees	15,000	18,500	17,500	(1,000)
Other Revenue	-	5,632	-	(5,632)
Total Revenues	<u>17,250</u>	<u>24,832</u>	<u>18,081</u>	<u>(6,751)</u>
<b>EXPENDITURES</b>				
Current:				
Banking Fees	-	-	41	(41)
Miscellaneous	-	5,652	-	5,652
Capital Outlay:				
Parks and Recreation	244,250	-	-	-
Streets	603,000	924,348	925,042	(694)
Storm Drainage	70,000	20,000	18,510	1,490
Total Expenditures	<u>917,250</u>	<u>950,000</u>	<u>943,593</u>	<u>6,407</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(900,000)	(925,168)	(925,512)	(344)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	-	30,000	30,000	-
Total Other Financing Sources	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(900,000)	(895,168)	(895,512)	(344)
Fund Balance - Beginning of Year	<u>900,000</u>	<u>895,168</u>	<u>895,168</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (344)</u>	<u>\$ (344)</u>

## **OTHER INFORMATION**

**ASPEN HILLS METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION,  
MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2017	\$ 1,042,360	75.470	\$ 78,666	\$ 88,332	112.29 %
2018	1,430,380	83.000	118,722	118,722	100.00
2019	1,430,550	79.000	113,013	113,013	100.00
2020	2,063,700	79.000	163,032	163,032	100.00
2021	2,534,630	79.000	200,236	196,486	98.13
Estimated for Year Ending December 31, 2022	\$ 3,578,130	77.959	\$ 278,947		

**NOTE:**

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

**ASPEN HILLS METROPOLITAN DISTRICT  
SCHEDULE OF DEBT MATURITY  
DECEMBER 31, 2021**

Year Ended December 31,	\$2,030,000 Tax-Free Refunding Loan Series 2020A Dated December 23, 2020 Principal Due December 1 Interest Rate 2.90% Payable June 1 and December 1		
	Principal	Interest	Total
2022	\$ 79,000	\$ 56,985	\$ 135,985
2023	81,000	54,694	135,694
2024	84,000	52,345	136,345
2025	86,000	49,909	135,909
2026	89,000	47,415	136,415
2027	91,000	44,834	135,834
2028	94,000	42,195	136,195
2029	97,000	39,469	136,469
2030	99,000	36,656	135,656
2031	102,000	33,785	135,785
2032	105,000	30,827	135,827
2033	108,000	27,782	135,782
2034	111,000	24,650	135,650
2035	115,000	21,431	136,431
2036	118,000	18,096	136,096
2037	121,000	14,674	135,674
2038	125,000	11,165	136,165
2039	128,000	7,540	135,540
2040	132,000	3,828	135,828
Total	\$ 1,965,000	\$ 618,280	\$ 2,583,280