

CONSERVATORY METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2021

with

Independent Auditors' Report

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Independent Auditor's Report

Board of Directors
Conservatory Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Conservatory Metropolitan District (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 and each major fund of Conservatory Metropolitan District, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 opinions. 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 GAAS 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 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 GAAS, 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 the 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 the 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.

Required Supplementary Information

Management has omitted 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.

Supplemental 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 supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Summary of Assessed Valuation, Mill Levy and Property Taxes Collected, Ten Largest Owners of Taxable Property within the District and Assessed and Actual Valuation of Classes of Property in the District but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
March 22, 2022

CONSERVATORY METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 628,055	\$ -	\$ 594,834	\$ 1,222,889	\$ -	\$ 1,222,889
Cash and investments - restricted	-	1,245,568	-	1,245,568	-	1,245,568
Cash with county treasurer	5,627	6,361	-	11,988	-	11,988
Property taxes receivable	1,034,302	1,169,284	-	2,203,586	-	2,203,586
Prepaid expenses	16,471	-	-	16,471	-	16,471
Prepaid debt insurance	-	-	-	-	79,477	79,477
Capital assets not being depreciated	-	-	-	-	4,465,784	4,465,784
Capital assets, net of accumulated depreciation	-	-	-	-	712,870	712,870
Total Assets	<u>1,684,455</u>	<u>2,421,213</u>	<u>594,834</u>	<u>4,700,502</u>	<u>5,258,131</u>	<u>9,958,633</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	1,981,505	1,981,505
Total Deferred Outflows of Resources	-	-	-	-	1,981,505	1,981,505
Total Assets and Deferred Outflows of Resources	<u>\$ 1,684,455</u>	<u>\$ 2,421,213</u>	<u>\$ 594,834</u>	<u>\$ 4,700,502</u>		
LIABILITIES						
Accounts payable	\$ 19,691	\$ -	\$ 2,382	\$ 22,073	-	22,073
Accounts payable - regional mill levy	47,675	-	-	47,675	-	47,675
Accrued interest on bonds	-	-	-	-	57,864	57,864
Long-term liabilities:						
Due within one year	-	-	-	-	457,792	457,792
Due in more than one year	-	-	-	-	18,948,654	18,948,654
Total Liabilities	<u>67,366</u>	<u>-</u>	<u>2,382</u>	<u>69,748</u>	<u>19,464,310</u>	<u>19,534,058</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	1,034,302	1,169,284	-	2,203,586	-	2,203,586
Total Deferred Inflows of Resources	<u>1,034,302</u>	<u>1,169,284</u>	<u>-</u>	<u>2,203,586</u>	<u>-</u>	<u>2,203,586</u>
FUND BALANCE/NET POSITION						
Nonspendable:						
Prepays	16,471	-	-	16,471	(16,471)	-
Restricted:						
Emergencies	32,500	-	-	32,500	(32,500)	-
Debt service	-	1,251,929	-	1,251,929	(1,251,929)	-
Assigned to:						
Subsequent years' expenditures	483,480	-	-	483,480	(483,480)	-
Capital projects	-	-	592,452	592,452	(592,452)	-
Unassigned	50,336	-	-	50,336	(50,336)	-
Total Fund Balances	<u>582,787</u>	<u>1,251,929</u>	<u>592,452</u>	<u>2,427,168</u>	<u>(2,427,168)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,684,455</u>	<u>\$ 2,421,213</u>	<u>\$ 594,834</u>	<u>\$ 4,700,502</u>		
Net Position:						
Net investment in capital assets					1,521,609	1,521,609
Restricted for:						
Emergencies					32,500	32,500
Debt service					1,194,065	1,194,065
Unrestricted					(12,545,680)	(12,545,680)
Total Net Position (Deficit)					<u>\$ (9,797,506)</u>	<u>\$ (9,797,506)</u>

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

CONSERVATORY METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
GENERAL GOVERNMENT						
Accounting	\$ 16,007	\$ -	\$ -	\$ 16,007	\$ -	\$ 16,007
Audit	6,474	-	-	6,474	-	6,474
Legal	24,325	-	-	24,325	-	24,325
Website development	825	-	-	825	-	825
Director fee	2,900	-	-	2,900	-	2,900
District management	37,146	-	-	37,146	-	37,146
Insurance	15,381	-	-	15,381	-	15,381
Landscape project management	8,198	-	-	8,198	-	8,198
Landscaping maintenance	110,460	-	-	110,460	-	110,460
Landscape projects	78,586	-	-	78,586	-	78,586
Irrigation maintenance	25,520	-	-	25,520	-	25,520
O & M Repairs and maintenance	1,400	-	-	1,400	-	1,400
Tree replacement	46,762	-	-	46,762	-	46,762
Capital expenditures	-	-	101,480	101,480	(67,354)	34,126
Mail kiosk	1,200	-	-	1,200	-	1,200
Water	155,300	-	-	155,300	-	155,300
Snow removal	12,313	-	-	12,313	-	12,313
Pet waste	3,435	-	-	3,435	-	3,435
Pest control	9,300	-	-	9,300	-	9,300
Miscellaneous	2,015	-	-	2,015	-	2,015
Treasurer fees	15,013	16,972	-	31,985	-	31,985
Capital asset maintenance	18,766	-	-	18,766	-	18,766
ARI mill levy (net of collection fees)	47,675	-	-	47,675	-	47,675
Depreciation expense	-	-	-	-	72,859	72,859
INTEREST AND FISCAL CHARGES						
Paying agent fees	-	3,500	-	3,500	-	3,500
Bond principal	-	415,000	-	415,000	(415,000)	-
Bond interest expense	-	710,963	-	710,963	(1,383)	709,580
Amortization of loss on refunding	-	-	-	-	124,398	124,398
Amortization of bond premium	-	-	-	-	(28,456)	(28,456)
Amortization of bond insurance costs	-	-	-	-	3,065	3,065
Total Expenditures	<u>639,001</u>	<u>1,146,435</u>	<u>101,480</u>	<u>1,886,916</u>	<u>(311,871)</u>	<u>1,575,045</u>
GENERAL REVENUES						
Property taxes	1,000,361	1,130,913	-	2,131,274	-	2,131,274
Specific ownership taxes	68,944	77,942	-	146,886	-	146,886
Other income	280	-	-	280	-	280
Interest income	537	1,641	208	2,386	-	2,386
Total General Revenues	<u>1,070,122</u>	<u>1,210,496</u>	<u>208</u>	<u>2,280,826</u>	<u>-</u>	<u>2,280,826</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>431,121</u>	<u>64,061</u>	<u>(101,272)</u>	<u>393,910</u>	<u>(393,910)</u>	
OTHER FINANCING SOURCES (USES)						
Transfer from (to) other funds	<u>(240,000)</u>	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(240,000)</u>	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE						
	191,121	64,061	138,728	393,910	(393,910)	
CHANGE IN NET POSITION						
					705,781	705,781
FUND BALANCE/NET POSITION (DEFICIT):						
BEGINNING OF YEAR	391,666	1,187,868	453,724	2,033,258	(12,536,545)	(10,503,287)
END OF YEAR	<u>\$ 582,787</u>	<u>\$ 1,251,929</u>	<u>\$ 592,452</u>	<u>\$ 2,427,168</u>	<u>(12,224,674)</u>	<u>(9,797,506)</u>

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

CONSERVATORY METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2021

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,000,359	\$ 1,000,361	\$ 2
Specific ownership taxes	70,034	68,944	(1,090)
Reimbursements	-	280	280
Interest income	200	537	337
Total Revenues	<u>1,070,593</u>	<u>1,070,122</u>	<u>(471)</u>
EXPENDITURES			
Accounting	20,000	16,007	3,993
Audit	7,500	6,474	1,026
Legal	58,000	24,325	33,675
Website development	1,500	825	675
Director fee	4,000	2,900	1,100
District management	70,000	37,146	32,854
Insurance	18,000	15,381	2,619
Clubhouse rental	800	-	800
Landscape project management	8,000	8,198	(198)
Landscaping maintenance	130,000	110,460	19,540
Landscape projects	65,500	78,586	(13,086)
Irrigation maintenance	35,000	25,520	9,480
Pond maintenance	15,000	-	15,000
Natural surface trail maintenance	5,000	-	5,000
Public art maintenance	1,000	-	1,000
Uninsured accident replacement	5,000	-	5,000
O & M Repairs and maintenance	15,000	1,400	13,600
Tree replacement	54,000	46,762	7,238
Mail kiosk	1,500	1,200	300
Water	180,000	155,300	24,700
Snow removal	30,000	12,313	17,687
Pet waste	4,000	3,435	565
Pest control	1,000	9,300	(8,300)
Miscellaneous	5,000	2,015	2,985
Treasurer fees	15,005	15,013	(8)
Capital asset maintenance	15,000	18,766	(3,766)
ARI mill levy (net of collection fees)	53,165	47,675	5,490
Contingency	283,138	-	283,138
Emergency reserve	32,112	-	32,112
Total Expenditures	<u>1,133,220</u>	<u>639,001</u>	<u>494,219</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(62,627)</u>	<u>431,121</u>	<u>493,748</u>
OTHER FINANCING SOURCES (USES)			
Transfer from (to) other funds	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	(302,627)	191,121	493,748
FUND BALANCE: BEGINNING OF YEAR	<u>302,627</u>	<u>391,666</u>	<u>89,039</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 582,787</u>	<u>\$ 582,787</u>

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

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Conservatory Metropolitan District (the “District”), located in the City of Aurora (the “City”), Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on April 17, 2002, as a quasi-municipal corporation and political subdivision of the State of Colorado established to provide streets, water, sanitation, storm drainage, traffic and safety controls, parks, open space and recreation and other improvements that benefit the residents and property owners of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected. 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 of the end of the current fiscal period. The material sources of revenue subject to accrual are taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds a public hearing in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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, publication and public hearing requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 government only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position 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 government has two types of items that qualify for reporting in this category. Deferred property taxes, and deferred fees. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred fees are recognized as revenue when they become measurable and available (if collected within 60 days) in the fund statements. The revenue continues to be recognized when earned in the government-wide statements.

Original Issue Discount, Prepaid Debt Insurance and Loss on Refunding

Original issue premium from the Series 2017 Bonds is being amortized over the term of the bonds using the effective interest method. The Prepaid Debt Insurance and the Loss on Refunding from the Series 2017 Bonds are begin amortized over the term of the bonds using the straight line method. Accumulated amortization of original issue premium, prepaid debt insurance and loss on refunding amounted to \$122,531, \$13,148 and \$533,718, respectively, at December 31, 2021.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Capital Assets

Capital assets, which include landscape fixtures and improvements, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. As discussed later in Note 1, the District has an Intergovernmental Agreement with the City of Aurora, under which the District constructed infrastructure, and upon completion transferred a portion of the assets to the City of Aurora for ownership, operations and maintenance. The District has retained certain landscape fixtures and improvements which are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Landscape fixtures	5 - 15 years
Irrigation system	5 - 10 years
Entry monuments	15 years
Fencing	10 - 20 years

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

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.

Intergovernmental Agreement

The Service Plan requires the District to convey all public improvements with the exception of park and recreation improvements to the City of Aurora unless otherwise specified in an agreement with the City of Aurora for ownership and maintenance. The District will own certain park and recreation improvements as well as the street landscaping, detention ponds and entry features.

The District and the City of Aurora entered into an Amended and Restated Intergovernmental Agreement dated November 16, 2009, which requires the District to impose a mill levy for Aurora regional improvements (the "ARI Mill Levy"). The ARI Mill Levy is defined in the Service Plan as (i) for the first 20 years (beginning in the first year of collection of a debt service mill levy by the District), one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct non-regional improvements. At December 31, 2021, the District had a payable to the ARI Authority for taxes collected in 2021 in the amount of \$47,675.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$16,471 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$32,500 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,251,929 is restricted for the payment of the debt service costs associated with the General Obligation Refunding Bonds Series 2017 (see Note 4).

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

The assigned fund balance in the General Fund of \$483,480 represents the amount appropriated for use in the budget for the year ending December 31, 2022.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The assigned fund balance in the Capital Projects Fund in the amount of \$592,452 is assigned for the payment of the costs for capital improvements within the District.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Note 2: Cash and Investments

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

Balance Sheet/Statement of Net Position:	
Cash and investments	\$ 1,222,889
Cash and investments – Restricted	<u>1,245,568</u>
Total	\$ <u>2,468,457</u>

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

Deposits with financial institutions	\$ 21,142
Investments - COLOTRUST	<u>2,447,315</u>
	\$ <u>2,468,457</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (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 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

Credit Risk

The District investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investments

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST” or the “Trust”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture 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 with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the Trust are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2021, the District had \$2,447,315 invested in COLOTRUST, including \$24,014 held by a trustee in accordance with the Indenture of Trust to the Series 2017 General Obligation Bonds.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District’s investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$ 1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$ 1.00 per share.

Note 3: Capital Assets

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

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
<u>Governmental Type Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Landscape improvements	\$ 4,257,019	\$ 60,364	\$ -	\$ 4,317,383
Artwork/Statuary	148,401	-	-	148,401
Total capital assets not being depreciated:	<u>4,405,420</u>	<u>60,364</u>	<u>-</u>	<u>4,465,784</u>
<u>Capital assets being depreciated:</u>				
Landscape fixtures	115,888	6,990	-	122,878
Irrigation system	773,821	-	-	773,821
Entry monuments	225,000	-	-	225,000
Fencing	896,826	-	-	896,826
Total capital assets being depreciated:	<u>2,011,535</u>	<u>6,990</u>	<u>-</u>	<u>2,018,525</u>
<u>Less accumulated depreciation for:</u>				
Landscape fixtures	(16,996)	(7,519)	-	(24,515)
Irrigation system	(646,816)	(17,723)	-	(664,539)
Entry monuments	(225,000)	-	-	(225,000)
Fencing	(343,984)	(47,617)	-	(391,601)
Total Accumulated Depreciation	<u>(1,232,796)</u>	<u>(72,859)</u>	<u>-</u>	<u>(1,305,655)</u>
Net capital assets being depreciated:	<u>778,739</u>	<u>(65,869)</u>	<u>-</u>	<u>712,870</u>
Government type assets, net	<u>\$ 5,184,159</u>	<u>\$ (5,505)</u>	<u>\$ -</u>	<u>\$ 5,178,654</u>

During 2020, the District accepted Tract V which included Pond #7 and related improvements. The District will be responsible for maintaining these improvements.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 202

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2021, is as follows:

2017 General Obligation Refunding Bonds

On September 19, 2017, the District issued \$20,965,000 of General Obligation Refunding Bonds Series 2017 (“Series 2017 Bonds”) for the purpose of providing funds for refunding the Series 2007 Bonds, purchasing a municipal bond insurance policy; and paying the costs of issuance of the Bonds. The bonds bear interest ranging from 2.00% to 5.00%, payable semiannually on each June 1 and December 1, commencing on December 1, 2017. Principal is payable on December 1, commencing in 2017.

The Bonds are subject to an early redemption at the option of the District, in whole or in integral multiples of \$1,000, commencing December 1, 2027, and any date thereafter, upon payment of par plus accrued interest, without redemption premium. The Series 2017 Bonds are secured by Pledged Revenues including (i) the Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The principal and interest payments are also secured by Build America Mutual Assurance, Company. (“BAM”). BAM was rated AA/Stable by Standard and Poor’s Rating Service.

Events of Default as defined in the Series 2017 Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2016 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2017 Bonds is not an available remedy for an Event of Default.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

The following is a summary of the annual long-term debt principal and interest requirements.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 430,000	\$ 694,363	\$ 1,124,363
2023	450,000	677,163	1,127,163
2024	465,000	659,163	1,124,163
2025	490,000	635,913	1,125,913
2026	515,000	611,413	1,126,413
2027-2031	2,975,000	2,656,563	5,631,563
2032-2036	3,530,000	2,100,725	5,630,725
2037-2041	4,140,000	1,488,388	5,628,388
2042-2046	4,910,000	718,025	5,628,025
2047	<u>1,090,000</u>	<u>38,150</u>	<u>1,128,150</u>
	<u>\$ 18,995,000</u>	<u>\$10,279,863</u>	<u>\$29,274,863</u>

The following is an analysis of changes in long-term debt for the period ending December 31, 2021:

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Current</u> <u>Portion</u>
<u>General Obligation Bonds:</u>					
2017 GO Bonds	\$ 19,410,000	\$ -	415,000	\$ 18,995,000	\$ 430,000
Premium on Bonds	<u>439,902</u>	<u>-</u>	<u>28,456</u>	<u>411,446</u>	<u>27,792</u>
	<u>\$ 19,849,902</u>	<u>\$ -</u>	<u>\$ 443,456</u>	<u>\$ 19,406,446</u>	<u>\$ 457,792</u>

Debt Authorization

As of December 31, 2021, the District had no remaining voted debt authorization.

Note 5: Net Position Deficit

The District's unrestricted net position at December 31, 2021, totaled (\$12,545,680). The deficit amount was a result of the District being responsible for repayment of bonds issued for public improvements conveyed to other governmental entities.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Note 6: Agreements

First Amendment to Amended and Restated Intergovernmental Agreement between the City of Aurora, Colorado, and Conservatory Metropolitan District

On November 9, 2009, the City of Aurora and the District entered into an Amended and Restated Intergovernmental Agreement between the City of Aurora, Colorado and the District which set forth certain limitations and requirements of the District as per the Service Plan and prohibits the District from operating and maintaining any Public Improvements (with the exception of park and recreation improvements and tract landscape improvements) without the written consent of the City. In order to ensure proper long-term operation and maintenance of the water quality/detention ponds in the District, the City and the District entered into the First Amendment to Amended and Restated Intergovernmental Agreement between the City of Aurora, Colorado, and Conservatory Metropolitan District on August 22, 2016. Pursuant to this amendment, certain pond rehabilitation will be performed by the City and the District, after which the District be responsible for all ongoing operation and maintenance responsibilities and related costs for the specified ponds within the District with the exception of Pond #3 which is maintained by the City and Pond #7 which is not part of this amendment and was transferred to the District for ownership and maintenance in 2020.

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

On November 6, 2001, the voters of the District authorized the District to collect, retain, and spend the amount of \$2,000,000 annually from any revenue sources other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants, or any other fee, rate, toll, penalty, income, or charge imposed, collected, or authorized by law to be imposed or collected by the District, and shall such revenues be collected and spent by the District as a voter approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

On November 4, 2008, a majority of the District's electors approved the District to increase taxes \$400,000 annually (for collection in calendar year 2008) and by the additional amounts that are raised annually thereafter by the imposition of an ad valorem property tax levy of 50 mills as adjusted from time to time due to legislative and constitutional adjustments, for the purpose of paying the District's administration, operations, maintenance and other similar expenses, and shall revenue from such taxes and any interest income be collected and spent by the District in fiscal year 2008 and in each year thereafter as a voter approved revenue change without limitation by the revenue and spending limitations of Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by section 29-1-301, CRS in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District.

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.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (Pool) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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: Interfund and Operating Transfers

The transfer of \$240,000 from the General Fund to the Capital Projects Fund was transferred for the purpose of funding capital expenditures.

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Bond insurance costs are reported as prepaid insurance while, loss from bond refunding and original issue discount are reported as prepaid insurance, deferred outflow of resources and a reduction of debt respectively. Prepaid insurance and deferred outflows are amortized over the term of the related debt in the government-wide financial statements;
- 2) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 3) long-term liabilities such as bonds payable, accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds.

CONSERVATORY METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances (Deficit)/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report bond insurance costs, and loss from bond refunding as expenditures, however, in the statement of activities, these costs, are amortized over the term of the related debt;
- 3) governmental funds report bond premiums as revenues in the year received, however, in the statement of activities, these revenues are amortized over the term of the related debt; and
- 4) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.

SUPPLEMENTAL INFORMATION

CONSERVATORY METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND

For the Year Ended December 31, 2021

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 1,130,911	\$ 1,130,913	\$ 2
Specific ownership taxes	79,164	77,942	(1,222)
Interest income	<u>20,000</u>	<u>1,641</u>	<u>(18,359)</u>
Total Revenues	<u>1,230,075</u>	<u>1,210,496</u>	<u>(19,579)</u>
EXPENDITURES			
Bond interest	710,963	710,963	-
Bond principal	415,000	415,000	-
Paying agent fees	5,000	3,500	1,500
Treasurers' fees	<u>16,964</u>	<u>16,972</u>	<u>(8)</u>
Total Expenditures	<u>1,147,927</u>	<u>1,146,435</u>	<u>1,492</u>
NET CHANGE IN FUND BALANCE	<u>82,148</u>	<u>64,061</u>	<u>(18,087)</u>
FUND BALANCE:			
BEGINNING OF YEAR	<u>1,186,305</u>	<u>1,187,868</u>	<u>1,563</u>
END OF YEAR	<u>\$ 1,268,453</u>	<u>\$ 1,251,929</u>	<u>\$ (16,524)</u>

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

CONSERVATORY METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ 4,000	\$ 208	\$ (3,792)
Total Revenues	<u>4,000</u>	<u>208</u>	<u>(3,792)</u>
EXPENDITURES			
Capital reserve	124,969	-	124,969
Capital expenditures	<u>465,000</u>	<u>101,480</u>	<u>363,520</u>
Total Expenditures	<u>589,969</u>	<u>101,480</u>	<u>488,489</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(585,969)</u>	<u>(101,272)</u>	<u>484,697</u>
OTHER FINANCING SOURCES (USES)			
Transfer from (to) other funds	<u>240,000</u>	<u>240,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>240,000</u>	<u>240,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(345,969)	138,728	484,697
FUND BALANCE - BEGINNING OF YEAR	<u>345,969</u>	<u>453,724</u>	<u>107,755</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 592,452</u>	<u>\$ 592,452</u>

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

OTHER INFORMATION

CONSERVATORY METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2021

<u>Year Ended</u> <u>December 31,</u>	<u>Prior</u> <u>Year Assessed</u> <u>Valuation</u> <u>for Current</u> <u>Year Property</u> <u>Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2010	\$ 26,735,170	21.500	40.000	\$ 1,919,585	\$ 1,894,774	98.71%
2011	\$ 27,337,740	19.740	52.060	\$ 1,962,850	\$ 1,962,333	99.97%
2012	\$ 25,088,840	19.740	52.060	\$ 1,801,379	\$ 1,799,794	99.91%
2013	\$ 25,455,100	19.740	52.060	\$ 1,827,676	\$ 1,798,424	98.40%
2014	\$ 25,571,190	19.740	52.060	\$ 1,836,011	\$ 1,836,227	100.01%
2015	\$ 25,687,486	19.740	52.060	\$ 1,844,361	\$ 1,844,412	100.00%
2016	\$ 32,299,944	19.740	52.060	\$ 2,319,136	\$ 2,318,704	99.98%
2017	\$ 34,199,119	19.740	52.060	\$ 2,455,497	\$ 2,455,201	99.99%
2018	\$ 40,199,857	22.106	30.000	\$ 2,094,654	\$ 2,094,575	100.00%
2019	\$ 40,314,011	22.106	30.000	\$ 2,100,603	\$ 2,100,565	100.00%
2020	\$ 44,631,011	22.114	30.000	\$ 2,325,901	\$ 2,325,703	99.99%
2021	\$ 45,236,448	22.114	25.000	\$ 2,131,270	\$ 2,131,274	100.00%
Estimated for year ending December 31, 2022	\$ 46,771,357	22.114	25.000	\$ 2,203,586		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION

CONSERVATORY METROPOLITAN DISTRICT

TEN LARGEST OWNERS OF TAXABLE PROPERTY WITHIN THE DISTRICT

December 31, 2021

UNAUDITED

<u>Taxpayer Name</u>	<u>2021 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Public Service Company of Colorado	\$ 1,020,320	2.18%
Private Homeowner #1	47,040	0.10%
Private Homeowner #2	46,274	0.10%
Private Homeowner #3	46,210	0.10%
Private Homeowner #4	45,767	0.10%
Private Homeowner #5	44,880	0.10%
Private Homeowner #6	43,722	0.09%
Private Homeowner #7	43,357	0.09%
Private Homeowner #8	43,350	0.09%
Private Homeowner #9	42,993	0.09%
Total	<u>\$ 1,423,913</u>	<u>3.04%</u>

NOTE

Assessed Valuations were obtained from the County Assessor's website.

CONSERVATORY METROPOLITAN DISTRICT

ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

December 31, 2021

UNAUDITED

<u>Class</u>	<u>2021 Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>	<u>2021 Actual Valuation</u>	<u>Percent of Actual Valuation</u>
Residential	\$ 45,739,876	97.80%	\$ 639,718,400	99.45%
State Assessed	1,025,320	2.19%	3,535,585	0.55%
Commercial	6,161	0.01%	21,239	0.00%
Total	<u>\$ 46,771,357</u>	<u>100.00%</u>	<u>\$ 643,275,224</u>	<u>100.00%</u>

NOTE

Percentage is based on a 2021 certified assessed valuation of \$46,771,357.