

**ASPEN HILLS METROPOLITAN DISTRICT
ANNUAL REPORT
TO
THE CITY OF COMMERCE CITY**

FISCAL YEAR ENDING DECEMBER 31, 2021

Pursuant to the Aspen Hills Metropolitan District Service Plan, the District is required to provide an annual report to the City of Commerce City within one hundred twenty (120) days after conclusion of the District's fiscal year beginning December 31, 2005. Such annual report shall include information concerning the following matters:

- A. Boundary changes made or proposed.
- B. Intergovernmental Agreements entered into or proposed.
- C. Changes or proposed changes in the District's policies.
- D. Changes or proposed changes in the District's operations.
- E. Any significant changes in the financial status of the District including revenue projections or operating costs.
- F. A summary of any litigation involving the District.
- G. Proposed plans for the year immediately following the year summarized in the annual report.
- H. Status of the construction of public improvements.
- I. The current assessed valuation in the District.

For the year ending December 31, 2021, the District makes the following report:

A. Boundary changes made or proposed.

No boundary changes were made in 2021.

B. Intergovernmental Agreements entered into or proposed.

The District did not enter into any new IGAs in 2021.

C. Changes or proposed changes in the District's policies.

There have been no changes in the District's policies.

D. Changes or proposed changes in the District's operations.

There were no changes in the District's operations.

E. Any changes in the financial status of the District including revenue projections or operating costs.

The current financial status of the District is reflected in the 2022 budget attached as Exhibit A.

F. Summary of any litigation which involves the District.

There is no litigation, of which we are aware, currently pending or anticipated against the District.

G. Proposed plans for the year 2022.

The District does not have any proposed plans for taking on additional operations or facilities in 2022.

H. Status of District's public improvement construction schedule.

The District acquired constructed capital improvements in 2021, including curb and gutter, sidewalks, and chase drain installations.

I. Summary of the current assessed valuation in the District.

The District has received a certification of valuation from the Adams County Assessor that reports a taxable assessed valuation for the District for 2021 of \$3,578,130 for collection in 2022. The District has certified a mill levy of 77.959 mills to be assessed against the property within the District.

**EXHIBIT A
2022 BUDGET**

ASPEN HILLS METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

**ASPEN HILLS METROPOLITAN DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

11/30/21

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|-------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES | 1,955 | \$ 886,009 | \$ 42,441 |
| REVENUES | | | |
| Property taxes | 163,032 | 200,236 | 278,947 |
| Specific ownership tax | 11,965 | 13,600 | 19,527 |
| Interest income | 276 | 935 | 110 |
| Developer advance | - | 45,000 | - |
| Facilities fees | 11,500 | 18,500 | - |
| Bond proceeds | 2,037,000 | - | - |
| Other revenue | - | 28,632 | - |
| Total revenues | <u>2,223,773</u> | <u>306,903</u> | <u>298,584</u> |
| TRANSFERS IN | <u>900,000</u> | - | - |
| Total funds available | <u>3,125,728</u> | <u>1,192,912</u> | <u>341,025</u> |
| EXPENDITURES | | | |
| General Fund | 35,694 | 70,000 | 54,000 |
| Debt Service Fund | 1,299,138 | 130,471 | 143,000 |
| Capital Projects Fund | 4,887 | 950,000 | - |
| Total expenditures | <u>1,339,719</u> | <u>1,150,471</u> | <u>197,000</u> |
| TRANSFERS OUT | <u>900,000</u> | - | - |
| Total expenditures and transfers out requiring appropriation | <u>2,239,719</u> | <u>1,150,471</u> | <u>197,000</u> |
| ENDING FUND BALANCES | <u>\$ 886,009</u> | <u>\$ 42,441</u> | <u>\$ 144,025</u> |

No assurance provided. See summary of significant assumptions.

**ASPEN HILLS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

11/30/21

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| ASSESSED VALUATION | | | |
| Residential | \$ 1,856,930 | \$ 2,371,840 | \$ 3,336,900 |
| State assessed | 910 | 1,240 | 2,550 |
| Vacant land | 167,730 | 108,980 | 153,130 |
| Personal property | 38,130 | 52,570 | 85,550 |
| Certified Assessed Value | <u>\$ 2,063,700</u> | <u>\$ 2,534,630</u> | <u>\$ 3,578,130</u> |
| MILL LEVY | | | |
| General | 15.014 | 15.014 | 13.973 |
| Debt Service | 63.986 | 63.986 | 63.986 |
| Total mill levy | <u>79.000</u> | <u>79.000</u> | <u>77.959</u> |
| PROPERTY TAXES | | | |
| General | \$ 30,984 | \$ 38,055 | \$ 49,997 |
| Debt Service | 132,048 | 162,181 | 228,950 |
| Levied property taxes | <u>163,032</u> | <u>200,236</u> | <u>278,947</u> |
| Budgeted property taxes | <u>\$ 163,032</u> | <u>\$ 200,236</u> | <u>\$ 278,947</u> |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 30,984 | \$ 38,055 | \$ 49,997 |
| Debt Service | 132,048 | 158,000 | 228,950 |
| | <u>\$ 163,032</u> | <u>\$ 196,055</u> | <u>\$ 278,947</u> |

No assurance provided. See summary of significant assumptions.

**ASPEN HILLS METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

11/30/21

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|-------------------|-------------------|-----------------|
| BEGINNING FUND BALANCE | \$ (1,720) | \$ (6,405) | \$ 2,295 |
| REVENUES | | | |
| Property taxes | 30,984 | 38,055 | 49,997 |
| Specific ownership tax | - | 2,600 | 3,500 |
| Interest income | 25 | 45 | 20 |
| Developer advance | - | 15,000 | - |
| Other revenue | - | 23,000 | - |
| Total revenues | <u>31,009</u> | <u>78,700</u> | <u>53,517</u> |
| Total funds available | <u>29,289</u> | <u>72,295</u> | <u>55,812</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 16,077 | 24,000 | 22,000 |
| Auditing | - | 5,000 | 5,500 |
| County Treasurer's fee | 465 | 571 | 750 |
| Directors' fees | 1,500 | 2,300 | 1,000 |
| Dues and licenses | 271 | 282 | 300 |
| Insurance and bonds | 2,410 | 2,475 | 2,500 |
| Legal services | 14,084 | 28,000 | 19,500 |
| Repairs and maintenance | - | 5,000 | - |
| Payroll taxes | 115 | 176 | 77 |
| Election expense | 772 | - | 1,000 |
| Contingency | - | 2,196 | 1,373 |
| Total expenditures | <u>35,694</u> | <u>70,000</u> | <u>54,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>35,694</u> | <u>70,000</u> | <u>54,000</u> |
| ENDING FUND BALANCE | <u>\$ (6,405)</u> | <u>\$ 2,295</u> | <u>\$ 1,812</u> |
| EMERGENCY RESERVE | \$ 930 | \$ 1,900 | \$ 1,600 |
| TOTAL RESERVE | <u>\$ 930</u> | <u>\$ 1,900</u> | <u>\$ 1,600</u> |

No assurance provided. See summary of significant assumptions.

**ASPEN HILLS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

11/30/21

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ 3,675 | \$ (2,754) | \$ 40,146 |
| REVENUES | | | |
| Property taxes | 132,048 | 162,181 | 228,950 |
| Specific ownership tax | 11,965 | 11,000 | 16,027 |
| Interest income | 196 | 190 | 90 |
| Facilities fees | 11,500 | - | - |
| Bond proceeds | 2,037,000 | - | - |
| Total revenues | 2,192,709 | 173,371 | 245,067 |
| Total funds available | 2,196,384 | 170,617 | 285,213 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | 1,981 | 2,433 | 3,434 |
| Paying agent fees | 1,150 | 575 | 575 |
| Contingency | - | - | 3,006 |
| Debt Service | | | |
| Bond interest - 2004 bonds | 116,943 | - | - |
| Bond interest - 2020 loan | - | 55,463 | 56,985 |
| Bond principal - 2004 bonds | 1,065,000 | - | - |
| Bond principal - 2020 loan | - | 72,000 | 79,000 |
| Bond issue costs | 114,064 | - | - |
| Total expenditures | 1,299,138 | 130,471 | 143,000 |
| TRANSFERS OUT | | | |
| Transfers to other fund | 900,000 | - | - |
| Total expenditures and transfers out requiring appropriation | 2,199,138 | 130,471 | 143,000 |
| ENDING FUND BALANCE | \$ (2,754) | \$ 40,146 | \$ 142,213 |

No assurance provided. See summary of significant assumptions.

**ASPEN HILLS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

11/30/21

| | ACTUAL 2020 | ESTIMATED 2021 | BUDGET 2022 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ 895,168 | \$ - |
| REVENUES | | | |
| 306360 Interest income | 55 | 700 | - |
| 306370 Developer advance | - | 30,000 | - |
| 306300 System development fees | - | 18,500 | - |
| 306500 Other revenue | - | 5,632 | - |
| Total revenues | 55 | 54,832 | - |
| TRANSFERS IN | | | |
| 306900 Transfers from other funds | 900,000 | - | - |
| Total funds available | 900,055 | 950,000 | - |
| EXPENDITURES | | | |
| Capital Projects | | | |
| 307855 Streets | - | 924,348 | - |
| 307856 Storm drainage | - | 20,000 | - |
| 307460 Legal services | 4,887 | - | - |
| 307480 Miscellaneous | - | 5,652 | - |
| Total expenditures | 4,887 | 950,000 | - |
| Total expenditures and transfers out requiring appropriation | 4,887 | 950,000 | - |
| ENDING FUND BALANCE | \$ 895,168 | \$ - | \$ - |

No assurance provided. See summary of significant assumptions.

**ASPEN HILLS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide financing for design, acquisition, construction and installation of streets, traffic and safety controls, water facilities, sanitary sewer, storm drainage, parks and recreation, transportation, television relay and translator, and mosquito control and the operation and maintenance of the District. The District's service area is located entirely within the boundaries of the City of Commerce City in Adams County, Colorado.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

The budget is in accordance with the TABOR Amendment limitations that were modified by voters in an election held in November 2002. District voters approved authorization to increase property tax up to \$50,000 annually to pay for the operations and maintenance expenditures of the District. Additionally, the election allows the District to collect, spend, and retain all revenues, other than ad valorem taxes, without regard to the limitations contained in Article X, Section 20 of the Colorado constitution.

Revenues

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.

The calculation of the taxes levied is displayed on page 2 of the Budget.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of 0.10%.

**ASPEN HILLS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide financing for design, acquisition, construction and installation of streets, traffic and safety controls, water facilities, sanitary sewer, storm drainage, parks and recreation, transportation, television relay and translator, and mosquito control and the operation and maintenance of the District. The District's service area is located entirely within the boundaries of the City of Commerce City in Adams County, Colorado.

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Revenues

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Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of 0.10%.

**ASPEN HILLS METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Facilities Fees

The District imposes a facilities fee of \$500 for each residential unit constructed within the District, which is due at the time of sale of a residential unit to a purchaser. Facilities fees were pledged revenue for the payment of the Series 2004 bonds but are not pledged revenue for the 2020 Loan. It is anticipated that all facilities fees will be paid by the end of 2021.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, election, accounting, insurance, banking, and meeting costs.

Debt Service

Debt service payments are provided based on the debt amortization schedule of the District's Series 2020 Tax-Free Refunding Loan.

Capital Projects

During 2021, the District acquired public infrastructure from the Developer and/or entered into contracts for public improvements to complete the build out of District development. The District has budgeted no capital expenditures for 2022.

Debt and Leases

Bank Loan

On December 23, 2020, the District issued a tax-free refunding loan (2020 Loan) in the amount of \$2,037,000 from NHB Bank N.A. 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.

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 is 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
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

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

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. See below of the anticipated activity associated with the developer advances:

| | <u>Balance</u> <u>12/31/2020</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/2021</u> |
|------------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Developer advances | | | | |
| Principal - Operations | \$ 45,700 | \$ 15,000 | \$ - | \$ 60,700 |
| Principal - Capital | - | 30,000 | - | 30,000 |
| Accrued interest | 18,726 | 3,400 | - | 22,126 |
| | <u>\$ 64,426</u> | <u>\$ 48,400</u> | <u>\$ -</u> | <u>\$ 112,826</u> |

| | <u>Balance</u> <u>12/31/2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/2022</u> |
|------------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Developer advances | | | | |
| Principal - Operations | \$ 60,700 | \$ - | \$ - | \$ 60,700 |
| Principal - Capital | 30,000 | - | - | 30,000 |
| Accrued interest | 22,126 | 5,442 | - | 27,568 |
| | <u>\$ 112,826</u> | <u>\$ 5,442</u> | <u>\$ -</u> | <u>\$ 118,268</u> |

The District has no operating or capital leases.

Reserve Funds

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2022, as defined under TABOR.

This information is an integral part of the accompanying budget.

**ASPEN HILLS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$2,030,000 Tax-Free Refunding Loan
Series 2020A, Dated December 23, 2020
Interest Rate of 2.90%**

**Interest Payable June 1 and December 1,
Principal Due December 1**

| Year Ended December 31, | 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 | <u>\$1,965,000</u> | <u>\$ 618,280</u> | <u>\$ 2,583,280</u> |

No assurance provided. See summary of significant assumption.