

ASPEN PARK METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS
December 31, 2015

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Independent Auditor's Report

To the Board of Directors
Aspen Park Metropolitan District

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the major funds of Aspen Park Metropolitan District as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the major funds of Aspen Park Metropolitan District, as of December 31, 2015 and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

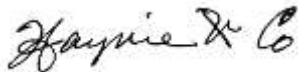
Required Supplementary Information

Management has 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 an opinion on the financial statements that collectively comprise Aspen Park Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado
July 12, 2016

BASIC FINANCIAL STATEMENTS

ASPEN PARK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments - Unrestricted	\$ -	\$ 95,713	\$ 95,713
Cash and investments - Restricted	1,087,287	-	1,087,287
Receivable - County Treasurer	1,844	-	1,844
Interest receivable	235	-	235
Prepaid expenses	-	194	194
Accounts receivable	154,113	43,274	197,387
Property taxes receivable	251,472	-	251,472
Capital assets, not being depreciated:			
Parks and recreation	492,090	-	492,090
Water rights	-	360,591	360,591
Capital assets, net:			
Equipment	-	8,557	8,557
Water and wastewater facilities	-	4,112,362	4,112,362
Pipelines and underground infrastructure	-	648,018	648,018
Total assets	<u>1,987,041</u>	<u>5,268,709</u>	<u>7,255,750</u>
LIABILITIES			
Accounts payable	3,783	21,576	25,359
Plan review deposit	1,491	-	1,491
Accrued interest payable - Senior Bonds	42,287	-	42,287
Accrued interest payable - Subordinate Bonds	1,711,161	-	1,711,161
Noncurrent liabilities			
Due within one year	380,000	-	380,000
Due in more than one year	12,645,000	-	12,645,000
Total liabilities	<u>14,783,722</u>	<u>21,576</u>	<u>14,805,298</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes revenue	<u>251,472</u>	<u>-</u>	<u>251,472</u>
Total deferred inflows of resources	<u>251,472</u>	<u>-</u>	<u>251,472</u>
NET POSITION			
Net investment in capital assets	22,275	5,129,528	5,151,803
Restricted for:			
Emergency	4,900	-	4,900
Sales tax eligible expenses	136,784	-	136,784
Unrestricted	<u>(13,212,112)</u>	<u>117,605</u>	<u>(13,094,507)</u>
Total net position	<u>\$ (13,048,153)</u>	<u>\$ 5,247,133</u>	<u>\$ (7,801,020)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 147,710	\$ -	\$ -	\$ -	\$ (147,710)	\$ -	\$ (147,710)
Interest and related costs on long-term debt	<u>786,635</u>	<u>820,346</u>	<u>-</u>	<u>-</u>	<u>33,711</u>	<u>-</u>	<u>33,711</u>
Total governmental activities	<u>934,345</u>	<u>820,346</u>	<u>-</u>	<u>-</u>	<u>(113,999)</u>	<u>-</u>	<u>(113,999)</u>
Business-type activities:							
Water and wastewater	<u>507,232</u>	<u>281,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(226,198)</u>	<u>(226,198)</u>
Total business-type activities	<u>\$ 507,232</u>	<u>\$ 281,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(226,198)</u>	<u>(226,198)</u>
General revenues:							
Property taxes				254,620	-	-	254,620
Specific ownership taxes				21,250	-	-	21,250
Sales taxes				132,144	-	-	132,144
Net investment income				3,683	-	-	3,683
Other income				728	-	-	728
Transfer in (out)				13,874	(13,874)	-	-
Total general revenues				<u>426,299</u>	<u>(13,874)</u>	<u>-</u>	<u>412,425</u>
Change in net position				312,300	(240,072)	-	72,228
Net position - Beginning				<u>(13,360,453)</u>	<u>5,487,205</u>	<u>-</u>	<u>(7,873,248)</u>
Net position - Ending				<u>\$ (13,048,153)</u>	<u>\$ 5,247,133</u>	<u>\$ -</u>	<u>\$ (7,801,020)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments - Restricted	\$ 95,161	\$ 990,635	\$ 1,491	\$ 1,087,287
Receivable - County Treasurer	184	1,660	-	1,844
Interest receivable	-	235	-	235
Accounts receivable	45,678	108,435	-	154,113
Property taxes receivable	25,146	226,326	-	251,472
TOTAL ASSETS	\$ 166,169	\$ 1,327,291	\$ 1,491	\$ 1,494,951
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,329	\$ 454	\$ -	\$ 3,783
Plan review deposit	-	-	1,491	1,491
Total liabilities	3,329	454	1,491	5,274
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes revenue	25,146	226,326	-	251,472
Total deferred inflows of resources	25,146	226,326	-	251,472
FUND BALANCES				
Restricted for:				
Emergency reserves	4,900	-	-	4,900
Sales tax eligible expenses	136,784	-	-	136,784
Debt Service Reserve Fund - required amount	-	356,545	-	356,545
Debt Service Surplus Fund - required amount	-	565,000	-	565,000
Future debt service	-	178,966	-	178,966
Assigned:				
Subsequent year's expenditures	3,394	-	-	3,394
Unassigned:				
General government	(7,384)	-	-	(7,384)
Total fund balances	137,694	1,100,511	-	1,238,205
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 166,169	\$ 1,327,291	\$ 1,491	

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.	492,090
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(13,025,000)
Accrued interest payable - Senior Bonds	(42,287)
Accrued interest payable - Subordinate Bonds	(1,711,161)
Net position of governmental activities	\$ (13,048,153)

These financial statements should be read only in connection with the accompanying notes to financial statements.

ASPEN PARK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 25,462	\$ 229,158	\$ -	\$ 254,620
Specific ownership taxes	2,125	19,125	-	21,250
Sales taxes	132,144	-	-	132,144
Other income	728	-	-	728
Net investment income	151	3,532	-	3,683
Public improvement fees	-	820,346	-	820,346
Total revenues	<u>160,610</u>	<u>1,072,161</u>	<u>-</u>	<u>1,232,771</u>
EXPENDITURES				
Current				
Accounting	10,159	-	-	10,159
Audit	4,000	-	-	4,000
County Treasurer's fees	384	3,458	-	3,842
Directors' fees	1,800	-	-	1,800
District management	8,924	-	-	8,924
Dues and memberships	591	-	-	591
Legal	10,526	-	-	10,526
Miscellaneous	187	-	-	187
PIF compliance and review	-	3,886	-	3,886
Website maintenance	1,582	-	-	1,582
Sales tax administration	2,619	-	-	2,619
Improved surfaces	89,178	-	-	89,178
Debt service				
Interest - Senior Bonds	-	528,425	-	528,425
Interest - Subordinate Bonds	-	162,000	-	162,000
Principal - Senior Bonds	-	365,000	-	365,000
Paying agent/trustee fees	-	4,500	-	4,500
Capital outlay				
Consultants - water rights	-	-	10,814	10,814
High water alarm for effluent day tank	-	-	1,530	1,530
High water alarm for membrane basis	-	-	1,530	1,530
Total expenditures	<u>129,950</u>	<u>1,067,269</u>	<u>13,874</u>	<u>1,211,093</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>30,660</u>	<u>4,892</u>	<u>(13,874)</u>	<u>21,678</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Enterprise Fund	-	-	13,874	13,874
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13,874</u>	<u>13,874</u>
NET CHANGE IN FUND BALANCES	30,660	4,892	-	35,552
FUND BALANCES - BEGINNING OF YEAR	<u>107,034</u>	<u>1,095,619</u>	<u>-</u>	<u>1,202,653</u>
FUND BALANCES - END OF YEAR	<u>\$ 137,694</u>	<u>\$ 1,100,511</u>	<u>\$ -</u>	<u>\$ 1,238,205</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2015**

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

Net change in fund balances - Total governmental funds	\$	35,552
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The issuance of long-term debt (e.g., bonds, leases) 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. Neither transaction, however, has any effect on net position. 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.

Bond principal payment		365,000
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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 interest payable - Senior Bonds - Change in liability		1,749
Accrued interest payable - Subordinate Bonds - Change in liability		<u>(90,000)</u>

Change in net position of governmental activities	\$	<u><u>312,301</u></u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 25,481	\$ 25,462	\$ 25,462	\$ -
Specific ownership taxes	1,780	2,105	2,125	20
Sales taxes	126,000	126,000	132,144	6,144
Other income	-	728	728	-
Net investment income	-	150	151	1
Total revenues	<u>153,261</u>	<u>154,445</u>	<u>160,610</u>	<u>6,165</u>
EXPENDITURES				
Accounting	9,000	9,500	10,159	(659)
Audit	4,100	4,000	4,000	-
County Treasurer's fees	382	382	384	(2)
Directors' fees	2,500	1,900	1,800	100
District management	6,000	7,500	8,924	(1,424)
Dues and memberships	600	591	591	-
Legal	9,000	9,500	10,526	(1,026)
Miscellaneous	1,018	323	187	136
Website maintenance	1,000	1,000	1,582	(582)
Sales tax administration	3,000	3,000	2,619	381
Improved surfaces	112,400	113,804	89,178	24,626
Total expenditures	<u>149,000</u>	<u>151,500</u>	<u>129,950</u>	<u>21,550</u>
NET CHANGE IN FUND BALANCES	4,261	2,945	30,660	27,715
FUND BALANCES - BEGINNING OF YEAR	<u>91,121</u>	<u>107,034</u>	<u>107,034</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 95,382</u>	<u>\$ 109,979</u>	<u>\$ 137,694</u>	<u>\$ 27,715</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015**

	<u>Enterprise Fund</u>
ASSETS	
Cash and investments - Unrestricted	\$ 95,713
Prepaid expenses	194
Accounts receivable	43,274
Capital assets, not being depreciated:	
Water rights	360,591
Capital assets, net:	
Equipment	8,557
Water and wastewater facilities	4,112,362
Pipelines and underground infrastructure	648,018
Total assets	<u>5,268,709</u>
LIABILITIES	
Accounts payable	<u>21,576</u>
Total liabilities	<u>21,576</u>
NET POSITION	
Net investment in capital assets	5,129,528
Unrestricted	117,605
Total net position	<u>\$ 5,247,133</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

ASPEN PARK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2015

	Enterprise Fund
OPERATING REVENUES	
Water usage fees	\$ 35,535
Sewer usage fees	80,162
Utility flat fees	164,623
Penalties and late fees	714
Total operating revenues	281,034
OPERATING EXPENSES	
Accounting	22,762
Billing	11,845
District management	21,764
Dues and memberships	2,079
Engineering	28,532
Insurance	9,942
Legal	24,560
Miscellaneous	38
Operation and maintenance:	
Water facilities	64,538
Sewer facilities	95,755
Depreciation	225,417
Total operating expenses	507,232
OPERATING INCOME (LOSS)	(226,198)
OTHER REVENUES AND EXPENDITURES	
Transfer to Capital Projects Fund	(13,874)
Total other revenues and expenditures	(13,874)
CHANGE IN NET POSITION	(240,072)
NET POSITION - BEGINNING OF YEAR	5,487,205
NET POSITION - END OF YEAR	\$ 5,247,133

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 276,668
Payments to suppliers	<u>(270,050)</u>
Net cash provided (required) by operating activities	<u>6,618</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfer out	<u>(13,874)</u>
Net cash provided (required) by noncapital financing activities	<u>(13,874)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net investment income received	<u>-</u>
Net cash provided (required) by investing activities	<u>-</u>

NET INCREASE (DECREASE) IN CASH AND INVESTMENTS (7,256)

CASH AND INVESTMENTS - BEGINNING OF YEAR 102,969

CASH AND INVESTMENTS - END OF YEAR \$ 95,713

**Reconciliation of operating income (loss) to net cash provided
(required) by operating activities**

Operating income (loss)	\$ (226,198)
Adjustments to reconcile operating income (loss) to net cash provided (required) by operating activities:	
(Increase) decrease in accounts receivable	(4,366)
(Increase) decrease in prepaid expenses	10,861
Increase (decrease) in accounts payable	904
Depreciation	<u>225,417</u>
Net cash provided (required) by operating activities	<u><u>\$ 6,618</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 1 - DEFINITION OF REPORTING ENTITY

Aspen Park Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in December 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County, Colorado. The District was established to provide water, storm and sanitary sewer, streets and traffic safety protection, parks and recreation, transportation, mosquito control and other services.

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

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

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. Both statements distinguish between governmental activities, which are normally supported by property taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

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.

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 as general revenues.

ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has designated all of its governmental funds as major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes and public improvement fees. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 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.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for activities related to water, sewer, storm drainage, and retaining wall services.

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 and other financing uses 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.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has amended its annual budget for the year ended December 31, 2015.

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.

Investments are carried at fair value.

Cash Equivalents

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable, Allowance for Doubtful Accounts

Tap fees, water and sewer fees and other similar fees constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

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, sale 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 PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. equipment, parks and recreation, water and wastewater facilities, and pipelines and underground infrastructure), are reported 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 estimated fair value at the date of donation.

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, if applicable. Depreciation expense has been computed using the straight-line method over the following estimated useful lives:

Water and wastewater facilities	30 years
Pipelines and underground infrastructure	50 years
Equipment	5 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category. Accordingly, the item, *property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amounts become 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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Restricted – This component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.
- Unrestricted – The component of net position that does not meet the definitions above.

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 balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - Unrestricted	\$ 95,713
Cash and investments - Restricted	<u>1,087,287</u>
Total cash and investments	<u>\$ 1,183,000</u>

Cash and investments as of December 31, 2015 consist of the following:

Deposits with financial institutions	\$ 193,145
Investments	<u>989,855</u>
	<u>\$ 1,183,000</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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, 2015, the District's cash deposits had a bank balance of \$227,511 and a carrying balance of \$193,145.

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 disclosure requirements or to investment custodial credit risk 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 PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 3 - CASH AND 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, 2015, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 989,855</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE 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.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in the District's capital assets for the year ended December 31, 2015 follows:

	<u>Balance at December 31, 2014</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance at December 31, 2015</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Parks and recreation (open space/Tract A)	\$ 492,090	\$ -	\$ -	\$ 492,090
Total capital assets, not being depreciated	<u>492,090</u>	<u>-</u>	<u>-</u>	<u>492,090</u>
Governmental capital assets, net	<u>492,090</u>	<u>-</u>	<u>-</u>	<u>492,090</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Water rights	360,591	-	-	360,591
Total capital assets, not being depreciated	<u>360,591</u>	<u>-</u>	<u>-</u>	<u>360,591</u>
Capital assets, being depreciated:				
Equipment	10,696	-	-	10,696
Water and wastewater facilities	6,877,456	-	-	6,877,456
Pipelines and underground infrastructure	800,021	-	-	800,021
Total capital assets, being depreciated	<u>7,688,173</u>	<u>-</u>	<u>-</u>	<u>7,688,173</u>
Less accumulated depreciation for:				
Equipment	-	(2,139)	-	(2,139)
Water and wastewater facilities	(2,557,816)	(207,278)	-	(2,765,094)
Pipelines and underground infrastructure	(136,003)	(16,000)	-	(152,003)
Total accumulated depreciation	<u>(2,693,819)</u>	<u>(225,417)</u>	<u>-</u>	<u>(2,919,236)</u>
Total capital assets, being depreciated, net	<u>4,994,354</u>	<u>(225,417)</u>	<u>-</u>	<u>4,768,937</u>
Business-type capital assets, net	<u>5,354,945</u>	<u>(225,417)</u>	<u>-</u>	<u>5,129,528</u>
Total capital assets, net	<u>\$ 5,847,035</u>	<u>\$ (225,417)</u>	<u>\$ -</u>	<u>\$ 5,621,618</u>

The costs of all capital assets transferred to the County or other entities were removed from the District's financial records.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Business-type activities:	
Equipment	\$ 2,139
Water and wastewater facilities	207,278
Pipelines and underground infrastructure	<u>16,000</u>
Total depreciation expense	<u>\$ 225,417</u>

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, 2015:

	<u>Balance at December 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2015</u>	<u>Due Within One Year</u>
Public Improvement Fee/Limited Tax Supported Revenue Refunding Bonds Series 2012	\$ 9,190,000	\$ -	\$ 365,000	\$ 8,825,000	\$380,000
Subordinate Revenue Bonds Series 2007	3,700,000	-	-	3,700,000	-
Subordinate Revenue Bonds Series 2010	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
	<u>\$ 13,390,000</u>	<u>\$ -</u>	<u>\$ 365,000</u>	<u>\$ 13,025,000</u>	<u>\$380,000</u>

The details of the bonds outstanding at December 31, 2015, are as follows:

\$10,000,000 Public Improvement Fee/Limited Tax Supported Revenue Bonds, Series 2004/\$9,885,000 Public Improvement Fee/Limited Tax Supported Revenue Refunding Bonds, Series 2012

On June 22, 2004, the District issued \$10,000,000 of Public Improvement Fee/Limited Tax Supported Revenue Bonds, Series 2004 (2004 Bonds). The 2004 Bonds were used to establish debt service reserve and capitalized interest funds, pay for the costs of issuance, and provide funding for the acquisition and construction of infrastructure and related costs. The 2004 Bonds are term bonds due on December 1, 2029, and bear interest at a rate of 7.50%.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On November 28, 2012, the District issued \$9,885,000 Public Improvement Fee/Limited Tax Supported Revenue Refunding Bonds, Series 2012, to refund the Series 2004 Bonds. The Series 2012 Refunding Bonds are term bonds due on December 1, 2037, and bear interest at a rate of 5.75%. If funds are available in any given year, the Series 2012 Refunding Bonds require an additional principal payment to be made in the amount of \$165,000, prior to any payments being made on the Subordinate Bonds. This additional principal payment has been budgeted for in 2016, and is reflected in the table above under "Due Within One Year."

The Series 2012 Refunding Bonds are secured by Pledged Revenues that include:

- Public improvement fees (PIF Revenues) that are derived from a contractually imposed fee with respect to certain retail sales of goods occurring within the District
- Revenues derived from the required mill levy for debt service defined as Capital Levy Revenues
- Specific ownership taxes
- Guaranteed PIF payments from Dillon Companies under the Dillon PIF Guaranty

PIF Revenues

The PIF Revenues come from a fee imposed under a private contract and not through the exercise of any governmental taxing authority. The PIF is applied to the sale of goods at a rate of 1% for Dillon Companies or any future owner of Lot 1 of the shopping center and 2% for all other locations. The PIF is payable in addition to all sales and use taxes that may be imposed and is collected by the retailers in the District. The PIF is remitted to the District within 20 days after month end.

Capital Levy Revenues

The rate of the Capital Levy shall be equal to the lesser of: (i) 50 mills; (ii) if the District is requiring a tax levy for operating and maintenance expenses, 45 mills; or (iii) the rate necessary to generate, in the following fiscal year, revenues equal to the PIF Revenue Shortfall, if any, projected for the following fiscal year, which PIF Revenue Shortfall shall be determined by the District no later than each December 5. PIF Revenue Shortfall means, with respect to any fiscal year, the amount equal to: 1) 110% of the debt service scheduled for such fiscal year, plus fees payable to the Collecting Agent during such fiscal year, plus the amount, if any, required to be deposited into the Debt Service Reserve Fund to restore such fund to the debt service reserve fund requirement; less 2) the amount of Pledged PIF Revenues, Dillon Guaranteed PIF Payments and Specific Ownership Tax Revenues received by the Trustee in the immediately preceding twelve month period.

ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Specific Ownership Taxes

Specific Ownership Taxes consist of the portion of the tax revenues on certain motor vehicles and other personal property that is imposed by the State pursuant to Article 3, Title 42, C.R.S., or any successor statute that is allocable to the District. This Tax is collected on property within the County by the Jefferson County Treasurer and the total amount of the taxes collected is apportioned among all political and governmental subdivisions within the County on the basis of the amount of ad valorem property taxes levied by such entities within the County during the preceding calendar year.

Dillon Guaranteed PIF Payments

The major tenant in the District and the expected primary source of PIF Revenue has agreed to a conditional guaranteed scheduled payment of PIF Revenue. The Dillon Lease provides in part that if, while the Senior Bonds are outstanding: (a) the Dillon Lease is terminated, other than due to a material default by the Developer, (b) King Soopers closes to the public and Dillon ceases grocery store operations in the leased premises, or (c) Dillon assigns or sublets the premises, or any portion thereof, or assigns the Dillon Lease, then Dillon will be obligated, on a monthly basis, to subsidize and pay the difference, if any, between the PIF Revenues generated from PIF Sales at the premises by any new tenant, assignee or sublessee, and the PIF Revenues projected to be paid by Dillon from its grocery store operations as specified in the Dillon Lease. This guarantee runs from 2006 through 2029 for a total of \$9,543,040.

Debt Service Reserve Fund and Surplus Fund

The required Debt Service Reserve Fund related to the Series 2012 Public Improvement Fee/Limited Tax Supported Revenue Refunding Bonds is \$356,545. The Bond Indenture allows withdrawal from the Debt Service Reserve Fund but requires that it be replenished. As of December 31, 2015, the Debt Service Reserve Fund has a balance of \$356,545, equal to the required amount.

Additionally, a Surplus Fund in the amount of \$565,000 is required to be maintained. As of December 31, 2015, the Surplus Fund has a balance of \$565,927, comprised of \$565,000 bond proceeds (required amount) and \$927 interest income.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The District's Series 2012 Refunding Bonds will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 380,000	\$ 507,438	\$ 887,438
2017	390,000	485,588	875,588
2018	405,000	463,163	868,163
2019	415,000	439,875	854,875
2020	430,000	416,013	846,013
2021-2025	2,405,000	1,689,927	4,094,927
2026-2030	2,915,000	942,713	3,857,713
2031-2033	1,485,000	140,876	1,625,876
	<u>\$ 8,825,000</u>	<u>\$ 5,085,593</u>	<u>\$ 13,910,593</u>

\$3,700,000 Subordinate Revenue Bonds

On July 18, 2007, the District issued \$3,700,000 of Subordinate Revenue Bonds, Series 2007, to acquire certain public improvements constructed by the Developer. The principal and interest on the Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue on a basis subordinate to the Senior Bonds. The Series 2007 Subordinate Bonds, which were purchased by the Developer, bear interest at a rate of 6.00%. Interest on the Series 2007 Subordinate Bonds shall continue to accrue and shall be paid on the next Interest Payment Date when funds are available for such payment. Furthermore, if any amount of principal or interest remains due and owing on the Series 2007 Subordinate Bonds on December 1, 2037, such amounts shall be discharged and no further amounts shall be due on the Series 2007 Subordinate Bonds.

The actual amounts of principal and interest payments to be made on the Series 2007 Subordinate Bonds in the future will depend on future pledged revenues and cannot be predicted with certainty.

During 2015, the District paid \$162,000 in interest on the Series 2007 Subordinate Bonds.

\$500,000 Subordinate Revenue Bonds

On April 20, 2010, the District issued \$500,000 of Subordinate Revenue Bonds, Series 2010, to repay the Developer for advances made in prior years used to construct public improvements within the District. The principal and interest on the Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue on a basis subordinate to the Senior Bonds. The Series 2010 Subordinate Bonds, which were purchased by the Developer, bear interest at a rate of 6.00%. Interest on the Series 2010 Subordinate Bonds shall continue to accrue and shall be paid on the next Interest Payment Date when funds are available for such payment. Furthermore, if any amount of principal or interest remains due and owing on the Series 2010 Subordinate Bonds on December 1, 2037, such amounts shall be discharged and no further amounts shall be due on the Series 2010 Subordinate Bonds.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The actual amounts of principal and interest payments to be made on the Series 2010 Subordinate Bonds in the future will depend on future pledged revenues and cannot be predicted with certainty.

Authorized Debt

On November 5, 2002, the District's voters authorized total indebtedness of \$28,000,000 for construction of public improvements and operating and maintenance expenditures and \$23,000,000 each for debt refunding and debt to private entities. At December 31, 2015, the District had authorized but unissued indebtedness from this election in the following amounts allocated for the following purposes:

	Original Authorization	Authorization Used				Authorized But Unissued
		Series 2004 Bonds	Series 2007 Bonds	Series 2010 Bonds	Series 2012 Bonds	
Streets	\$ 2,500,000	\$ 2,082,932	\$ -	\$ -	\$ -	\$ 417,068
Traffic and safety controls	1,000,000	-	-	-	-	1,000,000
Water	5,000,000	4,368,219	-	-	-	631,781
Sanitation	10,000,000	3,060,227	-	-	-	6,939,773
Parks and recreation	3,000,000	488,622	-	-	-	2,511,378
Public transportation	500,000	-	-	-	-	500,000
Television relay and translation	500,000	-	-	-	-	500,000
Mosquito control	500,000	-	-	-	-	500,000
Operations and maintenance	5,000,000	-	-	-	-	5,000,000
Reimbursement obligation to private entities	23,000,000	-	3,700,000	500,000	-	18,800,000
Refinancing District debt	23,000,000	-	-	-	9,885,000	13,115,000
	<u>\$ 74,000,000</u>	<u>\$10,000,000</u>	<u>\$3,700,000</u>	<u>\$ 500,000</u>	<u>\$9,885,000</u>	<u>\$49,915,000</u>

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 6 - NET POSITION

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

Net investment in capital assets consists of capital assets, 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 improvement of those assets. As of December 31, 2015, the District had net investment in capital assets calculated as follows:

	Governmental Activities	Business- Type Activities
Net investment in capital assets:		
Capital assets, net	\$ 492,090	\$ 5,129,528
Current portion of bonds payable	(14,750)	-
Noncurrent portion of bonds payable	(490,836)	-
Unspent bond proceeds	35,771	-
	\$ 22,275	\$ 5,129,528

To finance the construction of public improvements (capital assets), the District issued and refunded bonds. While the bonds payable remain in the District's governmental funds, most of the capital assets (mainly comprised of water and wastewater facilities) were transferred to the District's proprietary fund.

The restricted component of net position consists of 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 legislation. The District had restricted net position as of December 31, 2015, as follows:

Restricted net position:	
Emergency (see Note 9)	\$ 4,900
Sales tax eligible expenses	136,784
	\$ 141,684

The District's unrestricted net position as of December 31, 2015, totaled \$(13,094,507).

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 - DISTRICT AGREEMENTS

Termination, Acknowledgment and Release Agreement

Aspen Park Investors, Ltd., the Developer of the District (API) and the District previously entered into the following agreements (collectively, the Agreements):

- **Funding and Reimbursement Agreement for O&M Costs, November 16, 2005** – API agreed to make advances to the District for its operations and maintenance costs; District agreed to reimburse API for the advances plus interest.
- **Funding and Reimbursement Agreement for Capital Costs, November 16, 2005** – API agreed to make advances to the District for construction or acquisition of public improvements; District agreed to reimburse API for the advances or actual costs of public improvements, plus interest.
- **Infrastructure Acquisition Agreement, November 19, 2004** – District agreed to acquire certain public improvements constructed by API
- **Letter Agreement, July 18, 2007** – API agreed to undertake corrective work identified by the District's Engineer prior to the District's (i) acceptance of certain public improvements, and (ii) agreement to reimburse API for the construction thereof.
- **Public Improvements Agreement, March 21, 2007; subsequently amended by the First Amendment to Public Improvements Agreement, February 17, 2009, and Second Amendment to Public Improvements Agreement, May 17, 2011** – API agreed to provide funding for additional infrastructure related to the discharge of treated effluent.
- **Escrow Agreement, March 21, 2007; subsequently amended by the First Amendment to Escrow Agreement, February 17, 2009** – required by the Public Improvements Agreement, to provide an assurance of funds necessary to construct the additional infrastructure related to the discharge of treated effluent.
- **Reimbursement and Acquisition Agreement, April 23, 2013** – API agreed to make advances to the District or construct and dedicate public improvements to the District; District agreed to reimburse API for the advances or actual costs of public improvements, plus interest.
- **Resolution Regarding Reimbursement of Advanced Funds, April 23, 2013** – District recognized and approved certain amounts previously contributed by API as advances pursuant to the Reimbursement and Acquisition Agreement dated April 23, 2013.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 - DISTRICT AGREEMENTS (CONTINUED)

On September 17, 2013, the District and API entered into a Termination, Acknowledgment and Release Agreement (Termination Agreement). Pursuant to the Termination Agreement, API has agreed to forgive all outstanding amounts owed by the District to API under the Agreements listed above, including all accrued interest, but excluding amounts for which debt instruments have been authorized and issued by the District to API (Prior Debt), and to terminate the Agreements listed above. Prior Debt includes the \$3,700,000 Subordinate Revenue Bonds, Series 2007, and the \$500,000 Subordinate Revenue Bonds, Series 2010. Upon execution of the Termination Agreement, all amounts remaining due and outstanding under the Agreements, including all accrued interest, but excluding Prior Debt, are forgiven in their entirety, generally and unconditionally released, waived, acquitted and forever discharged, and shall be deemed a contribution to the District by API, and there shall be no further obligation, present or future, of the District to pay or reimburse API for such amounts.

In return, subject to the receipt of the Engineer's Certification, pursuant to the Termination Agreement, the District agreed to release API from any further obligations related to public improvements previously constructed. The Engineer's Certification was received and accepted by the District on November 19, 2013.

In 2013, API transferred its ownership of the shopping center (located within the District's boundaries) to a new owner, NewQuest Epic Investments. In November 2015, NewQuest Epic Investments sold the shopping center to a new owner, Aspen Park Station, LLC.

Exclusion Agreement

On September 9, 2005, the District entered into an agreement which set forth the terms and conditions by which the District would provide wastewater facilities and services to certain real property to be excluded from the District. This Agreement shall terminate on August 30, 2015, with respect to any connections for development on the Property that have not occurred by such date, unless further extended per the mutual written agreement of the parties. This agreement was not extended in 2015.

Assignment of Water Rights Option and Purchase Agreement

On July 15, 2013, the District and Aspen Park Investors, Ltd. (API) entered into the Assignment of Water Rights Option and Purchase Agreement ("Assignment"). Pursuant to the Assignment, API assigns, transfers and conveys to the District all of API's rights, title and interest in, and delegates all of its duties and obligations under a certain Water Rights Option and Purchase Agreement (Option Agreement) API entered into in December 2011 with Norman Meyer and Norman Meyer, II (collectively, the Seller). Pursuant to the Assignment, the District accepts all the rights and benefits and assumes all duties and obligations under the Option Agreement.

In a resolution dated September 17, 2013, the District's Board of Directors authorized the purchase of the water rights from the Seller pursuant to the terms and conditions set forth in the Option Agreement. The closing occurred in November 2013.

**ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 - DISTRICT AGREEMENTS (CONTINUED)

Inclusion of Eagle Cliff Parcel

The District's Board of Directors approved a petition by Aspen Park Investors, Ltd. to include certain real property called Eagle Cliff Parcel into the District. The inclusion was recorded in Jefferson County on January 10, 2014, under Reception No. 2014002736.

NOTE 8 - TRANSFERS

The District transferred \$13,874 from the Enterprise Fund to the Capital Projects Fund to cover costs of water rights consultants.

NOTE 9 - 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 was a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2015. 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, property, public officials' liability and workers compensation 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 10 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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. On November 5, 2002, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

ASPEN PARK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTIUED)

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. As of December 31, 2015, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**ASPEN PARK METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 229,341	\$ 229,158	\$ 229,158	\$ -
Specific ownership taxes	16,050	18,935	19,125	190
Net investment income	1,615	3,400	3,532	132
Public improvement fees	808,000	815,000	820,346	5,346
Total revenues	<u>1,055,006</u>	<u>1,066,493</u>	<u>1,072,161</u>	<u>5,668</u>
EXPENDITURES				
County Treasurer's fees	3,440	3,458	3,458	-
Contingency	3,147	3,617	-	3,617
PIF compliance and review	5,000	5,000	3,886	1,114
Debt service				
Interest - Senior Bonds	537,913	528,425	528,425	-
Interest - Subordinate Bonds	125,000	162,000	162,000	-
Principal - Senior Bonds	365,000	365,000	365,000	-
Paying agent/trustee fees	4,500	4,500	4,500	-
Total expenditures	<u>1,044,000</u>	<u>1,072,000</u>	<u>1,067,269</u>	<u>4,731</u>
NET CHANGE IN FUND BALANCES	11,006	(5,507)	4,892	10,399
FUND BALANCES - BEGINNING OF YEAR	<u>1,072,062</u>	<u>1,095,619</u>	<u>1,095,619</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,083,068</u></u>	<u><u>\$ 1,090,112</u></u>	<u><u>\$ 1,100,511</u></u>	<u><u>\$ 10,399</u></u>

**ASPEN PARK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Consultants-water rights	12,500	10,814	1,686
High water alarm for effluent day tank	4,500	1,530	2,970
High water alarm for membrane basis	4,500	1,530	2,970
Total expenditures	<u>21,500</u>	<u>13,874</u>	<u>7,626</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,500)</u>	<u>(13,874)</u>	<u>7,626</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Enterprise Fund	<u>21,500</u>	<u>13,874</u>	<u>(7,626)</u>
Total other financing sources (uses)	<u>21,500</u>	<u>13,874</u>	<u>(7,626)</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ASPEN PARK METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water usage fees	\$ 39,700	\$ 39,700	\$ 35,535	\$ (4,165)
Sewer usage fees	81,290	80,000	80,162	162
Utility flat fees	161,800	164,127	164,623	496
Penalties and late fees	200	319	714	395
Total revenues	<u>282,990</u>	<u>284,146</u>	<u>281,034</u>	<u>(3,112)</u>
EXPENDITURES				
Accounting	21,000	21,000	22,762	(1,762)
Billing	12,000	12,000	11,845	155
Contingency	-	5,019	-	5,019
District management	14,000	18,000	21,764	(3,764)
Dues and memberships	2,000	2,079	2,079	-
Engineering	25,000	26,000	28,532	(2,532)
Insurance	10,200	9,942	9,942	-
Legal	21,000	21,000	24,560	(3,560)
Miscellaneous	1,700	100	38	62
Transfers to Capital Projects Fund	21,500	15,560	13,874	1,686
Operation and maintenance:				
Water facilities	62,800	70,300	64,538	5,762
Sewer facilities	80,300	99,000	95,755	3,245
Stormwater facilities	1,000	-	-	-
Retaining wall	1,000	-	-	-
Total expenditures	<u>273,500</u>	<u>300,000</u>	<u>295,689</u>	<u>4,311</u>
EXCESS OF REVENUES OVER /(UNDER)				
EXPENDITURES - BUDGET BASIS	<u>\$ 9,490</u>	<u>\$ (15,854)</u>	(14,655)	<u>\$ 1,199</u>
ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS:				
Depreciation			<u>(225,417)</u>	
CHANGE IN NET POSITION				
			<u>(240,072)</u>	
NET POSITION, BEGINNING OF YEAR				
			<u>5,487,205</u>	
NET POSITION, END OF YEAR				
			<u><u>\$ 5,247,133</u></u>	

**ASPEN PARK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2015**

**\$9,885,000 Public Improvement Fee /Limited Tax
Supported Revenue Refunding Bonds, Series 2012
Dated November 28, 2012
Principal Due December 1,
Interest Rate at 5.75%
Payable June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Extraordinary Redemption - Principal</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 215,000	\$ 165,000	\$ 380,000	\$ 507,438	\$ 887,438
2017	225,000	165,000	390,000	485,588	875,588
2018	240,000	165,000	405,000	463,163	868,163
2019	250,000	165,000	415,000	439,875	854,875
2020	265,000	165,000	430,000	416,013	846,013
2021	280,000	165,000	445,000	391,288	836,288
2022	300,000	165,000	465,000	365,700	830,700
2023	315,000	165,000	480,000	338,963	818,963
2024	335,000	165,000	500,000	311,363	811,363
2025	350,000	165,000	515,000	282,613	797,613
2026	375,000	165,000	540,000	253,000	793,000
2027	395,000	165,000	560,000	221,950	781,950
2028	415,000	165,000	580,000	189,750	769,750
2029	440,000	165,000	605,000	156,400	761,400
2030	465,000	165,000	630,000	121,613	751,613
2031	495,000	165,000	660,000	85,388	745,388
2032	520,000	165,000	685,000	47,438	732,438
2033	550,000	(410,000)	140,000	8,050	148,050
2034	580,000	(580,000)	-	-	-
2035	615,000	(615,000)	-	-	-
2036	650,000	(650,000)	-	-	-
2037	550,000	(550,000)	-	-	-
	<u>\$ 8,825,000</u>	<u>\$ -</u>	<u>\$ 8,825,000</u>	<u>\$ 5,085,593</u>	<u>\$ 13,910,593</u>

**ASPEN PARK METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2015**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2011	\$ 6,873,650	5.000	45.000	\$ 343,681	\$ 340,462	99.06%
2012	\$ 6,287,791	5.000	45.000	\$ 314,389	\$ 266,735	84.84%
2013	\$ 5,283,648	5.000	45.000	\$ 264,181	\$ 264,181	100.00%
2014	\$ 5,211,021	5.000	45.000	\$ 260,549	\$ 258,791	99.33%
2015	\$ 5,096,477	5.000	45.000	\$ 254,822	\$ 254,620	99.92%
Estimated for the year ending December 31, 2016	\$ 5,029,475	5.000	45.000	\$ 251,472		