

## INSPIRATION METROPOLITAN DISTRICT

### 2019 ANNUAL REPORT TO THE CITY OF AURORA

Pursuant to the Amended and Restated Consolidated Service Plan for Rockinghorse Metropolitan District No. 2, now known as Inspiration Metropolitan District (the “**District**”) the District is responsible for submitting an annual report to the City of Aurora (the “**City**”). The report is to include information concerning matters which occurred during the prior fiscal year.

To the best of our actual knowledge, for the year ending December 31, 2019, the District makes the following report:

- A. Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year.

There were no boundary changes made or proposed to the District in 2019.

- B. Intergovernmental Agreements with other governmental entities entered into or Proposed as of December 31 of the prior year.

See attached **Exhibit A** for a complete list of all intergovernmental agreements.

- C. Copies of the District’s rules and regulations, as of December 31 of the prior year. The District adopted the following: Resolution for Authorization for Approval of Contracts and Payment of Claims on January 15, 2019; Resolution Establishing a Code of Conduct for Committee Members on January 15, 2019; Resolution Regarding Policies, Procedures and Penalties for the Enforcement of the Governing Documents on April 16, 2019; Resolution Designating Authority to Committee on August 13, 2019; Resolution Concerning Online Notices to Meetings on August 13, 2019; Resolution Regarding the Conduct of Regular and Special Meetings on August 13, 2019; Resolution Adopting a District Fence Maintenance Policy on August 22, 2019; Resolution Regarding the Conduct of Committee Meetings on August 22, 2019; Resolution Regarding Capital Reserves on November 19, 2019; Resolution Adopting a Personal Data Privacy Policy on November 19, 2019; Amended and Restated Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges on November 19, 2019 is attached hereto as **Exhibit B**.

- D. A summary of any litigation which involves the District’s Public Improvements as of December 31 of the prior year.

To our actual knowledge, based on review of the court records in Douglas County, there was no litigation involving the District as of December 31, 2019 other than routine collection and foreclosure matters in which the District is a Plaintiff.

- E. Status of the District's construction of the Public Improvements as of December 31 of prior year.

The District did not construct any Public Improvements during 2019.

- F. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City of as December 31 of the prior year.

The District did not construct any Public Improvements during 2019.

- G. The assessed valuation of the District for the current year.

The District's assessed valuation for 2019 is attached hereto as **Exhibit C**.

- H. Current year budget including a description of the Public Improvements to be constructed in such year.

The 2020 budget for the District is attached as **Exhibit D**. The District allocated \$225,000 to the Channel Settlement Project for 2019. The channel settlement project was expected to be completed in 2019 and was not budgeted in 2020. The project was delayed and will not be completed until 2020. The District will amend its Capital Projects Fund 2020 budget later in the year.

- I. Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The 2018 and 2019 audit for the District is attached hereto as **Exhibit E**.

- J. Notice of any uncured events of default by the District which continue beyond a ninety (90) day period, under any Debt instrument.

There were no uncured events of default by the District which continued beyond a ninety (90) day period under any Debt instrument.

- K. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

None.

## EXHIBIT A

### Intergovernmental Agreements

1. INTERGOVERNMENTAL AGREEMENT entered into and dated as of December 21, 2004, by and between the City of Aurora and Rockinghorse Metropolitan District Nos. 1 and 2. Purpose: Provides for the uniform operation of special districts within the boundaries of the City of Aurora. Term: Indefinite.
2. AURORA REGIONAL IMPROVEMENT AUTHORITY NO. 1 ESTABLISHMENT AGREEMENT between the City of Aurora and Rockinghorse Metropolitan District Nos. 1 and 2 entered into and dated as of August 28, 2006. Purpose: Establishes the Aurora Regional Improvement Authority (“ARI”) organized for implementing the ARI Master Plans. Term: Indefinite.
3. WATER TRANSMISSION REIMBURSEMENT AGREEMENT dated August 25, 2008 by and among Rockinghorse Metropolitan District No. 1 and the CITY OF AURORA. Purpose: Reimburse district for capital outlays. Term: 20 years from the date of the agreement.
4. PROJECT COMMITTEE AGREEMENT between Adonea Metropolitan District No. 2, Cross Creek Metropolitan District No. 2, and Rockinghorse Metropolitan District No. 1 entered into and dated as of November 9, 2011. Purpose: to develop and coordinate plans, present and future, for the Regional Improvements and to develop strategies to promote the public welfare. Term indefinite.
5. SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY ESTABLISHMENT AGREEMENT between the City of Aurora and Inspiration Metropolitan District, entered into as of February 7, 2019. Purpose: Establishes the South Aurora Regional Improvement Authority (“SARIA”) organized for implementing the SARIA Master Plans. Term: Indefinite.
6. FIRST AMENDMENT TO THE AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT between the City of Aurora and Rockinghorse MD No. 1 and Inspiration MD, entered into May 21, 2019. Purpose: To clarify that the Districts are authorized to own, operate and maintain Public Improvements that are not otherwise required to be dedicated to the City or other public entity. Term: Indefinite.
7. FIRST AMENDMENT TO SOUTH AURORA REGIONAL IMPROVEMENT AUTHORITY ESTABLISHMENT AGREEMENT between the City of Aurora and Inspiration Metropolitan District, entered into as of August 27, 2019. Purpose: To clarify the Initial Contributions, Remittance of Funds, Revenue Bonds, ARI Mill Levy, Funding Obligations, and Remedies on Occurrence of Events of Default. Term: Indefinite.
8. INTERGOVERNMENTAL AGREEMENT REGARDING TRANSMISSION LINE PROJECT IMPACTS between the City of Aurora and Inspiration Metropolitan District entered into August 13, 2019. Purpose: To allocate mitigation funds received from Xcel.

## **EXHIBIT B**

### **Rules and Regulations**

**RESOLUTION  
OF THE BOARD OF DIRECTORS OF  
INSPIRATION METROPOLITAN DISTRICT**

**CONCERNING AUTHORIZATION FOR APPROVAL OF CONTRACTS  
AND PAYMENT OF CLAIMS**

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WHEREAS, Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized pursuant to §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(d), C.R.S., the Board of Directors of the District (the “**Board**”) is authorized to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(h) C.R.S., the Board shall have the management, control and supervision of all the business and affairs of the District; and

WHEREAS, in order to implement the services, programs, and facilities of the District in a safe, timely, efficient, and effective manner, it may be necessary for certain contracts, change orders, work orders and other agreements (collectively, “**Contracts**”) to be entered into, and invoices, pay applications and other claims (collectively, “**Invoices**”) to be paid, between regular and special meetings of the Board; and

WHEREAS, the Board desires to establish procedures by which certain Contracts may be executed and by which payments of Invoices may be made; and

WHEREAS, the Board desires to authorize the Authorized Directors and the District Manager (as such are defined below) to review, approve, award, execute, and enter into Contracts affecting the affairs of the District, and make payment of Invoices due and owing by the District, in accordance with the provisions of this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

1. **General.**

(a) *Purpose.* All purchasing and contracting is to be accomplished in the best interests of the District using the prudent person's standard of care. Purchasing or contracting shall be performed so as to secure for the District the greatest value considering cost, quality, delivery, service and other considerations which reflect overall value comparisons.

(b) *Full and open competition.* Full and open competition shall be encouraged.

(c) *Subdivision prohibited.* No contract or purchase shall be subdivided to avoid the requirements of this resolution.

(d) *Payments.* Payments to vendors or contractors shall be expedited whenever possible in order to realize discounts and enhance the District's reputation as a responsible customer.

2. **Authority to Make Awards and Enter into Contracts.** The Board hereby authorizes the following persons to review, approve, award, execute, and enter into Contracts affecting the affairs of the District, in the amounts authorized to be approved by such persons as set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, and subject to compliance with the provisions of this Resolution, including compliance with all procedural requirements as set forth in Exhibit A:

(a) The “*Authorized Directors*” consisting of the president of the District and one additional director of the District; and

(b) The “*District Manager*” being the person engaged by the District to manage the District.

3. **Requirements prior to Award or Execution of Contract.** Prior to awarding or entering into a Contract pursuant to this resolution, the person authorized to award and approve such Contract shall confirm and verify:

(a) That the Contract has been reviewed and approved by general counsel to the District; the District’s accountant and/or engineer, as appropriate;

(b) That any payment required to be made under such Contract does not exceed the amounts appropriated under the line item for the category of expense set forth in the District’s approved budgets (e.g. landscaping or accounting), to which the Contract reasonably relates, (every purchase order or contract is subject to the appropriation of necessary funds by the District Board on an annual basis, notwithstanding automatic renewal clauses or any other provisions extending the purchase or contract beyond the calendar year in which it is executed);

(c) That the amount of the Contract does not exceed the amounts authorized to be approved as set forth in **Exhibit A**; and

(d) That the compliance with all procedural requirements as set forth in **Exhibit A**.

4. **Emergency Purchases.** In an apparent emergency which requires immediate purchase of supplies, services, or award of a construction contract, change order or amendment, regardless of cost, the Board President or the District Manager is authorized to procure such emergency needs as expeditiously as possible considering cost and other factors. The circumstances necessitating immediate action shall be fully documented in the District Manager’s report to the Board, except where the immediate action does not require expenditure in excess of \$500.00.

5. **Payments of Invoices.** The Board hereby authorizes payment of Invoices related to Contracts as follows, so long as: (i) the Contract has been approved in accordance with this



Resolution or by the Board in a regular or special meeting of the District; and (ii) such payment does not result in exceeding the Contract amount, inclusive of any validly approved change orders:

6. **Appropriation Required.** Prior to executing any Contract or making payment of any Invoice, the person authorized to award and approve such Contract or Invoice shall verify with the District's accountant that sufficient funds are available within the District's accounts and are budgeted appropriately to pay such sums. All Contracts approved pursuant to this Resolution are subject to appropriation and budget requirements in accordance with Colorado law.

7. **Prohibitions.** Notwithstanding any authorization in this Resolution to the contrary, directors of the District and employees of the District shall not:

(a) Engage in a substantial financial transaction for his private business purposes with a person whom he inspects or supervises in the course of his official duties;

(b) Perform an official act directly and substantially affecting to its economic benefit, a business or other undertaking in which he either has a substantial financial interest or is engaged as counsel, consultant, representative, or agent;

(c) Accept goods or services for his or her own personal benefit offered by a person who is at the same time providing goods or services to the local government for which the official or employee serves, under a contract or other means by which the person receives payment or other compensation from the local government, unless the totality of the circumstances attendant to the acceptance of the goods or services indicates that the transaction is legitimate, the terms are fair to both parties, the transaction is supported by full and adequate consideration, and the official or employee does not receive any substantial benefit resulting from his or her official or governmental status that is unavailable to members of the public generally; or

(d) Be interested in any contract made by them in their official capacity, as set forth in Section 24-18-201, C.R.S., as may be amended from time to time.

8. **Term.** This Resolution shall be effective immediately, supersede any previously adopted Resolution of the District Concerning Authorization for Approval of Contracts and Payment of Claims, and shall remain in full force and effect until such time as it is repealed by the Board.

*[Signature page follows.]*

APPROVED AND ADOPTED THIS 15<sup>TH</sup> DAY OF JANUARY, 2019.

INSPIRATION METROPOLITAN  
DISTRICT, a quasi-municipal corporation and  
political subdivision of the State of Colorado



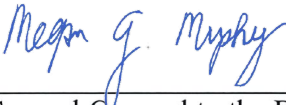
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON



\_\_\_\_\_  
General Counsel to the District

*Signature page to Resolution Concerning Authorization for Approval of Contracts and Payment of Claims*



**EXHIBIT A**  
**General Contract Approval Amounts and Procedure**

Estimated Cost of Item (Goods or Services)	Purchasing Method to Use	Position with Approval Authority
\$500.00 or Less	<b>Informal Purchases</b> <i>Written quotes are not required</i>	<b>District Manager or Authorized Directors</b>
\$501.00 - \$2,499	<b>Informal Purchases</b> <i>Minimum of 1 written quote</i>	<b>Authorized Directors</b> District Manager notifies Board of Expenditure approval
\$2,500 - \$4,999	<b>* Informal Bids</b> <i>Written specifications and a minimum of 3 written quotes required; contract or contract addendum required</i>	<b>Authorized Directors</b> District Manager notifies Board of Expenditure approval
\$5,000 and over	<b>*Formal Competitive Bids/Proposals</b> <i>Written specifications and a minimum of 3 formal written quotes required; contract required</i>	<b>Board of Directors</b>

**\*Requirement for three bids does not apply to landscape maintenance work orders approved under a master Landscape Maintenance Contract.**

**Notes:**

All bids/quotes/proposals may be public information and may be released to the public following bid award. The District may determine to not release trade secrets or other confidential commercial, financial or personal information.

1. Retain all written bids/quotes/proposals as required by retention schedule.
2. Any payments to be made under a bid/quote/proposal may not exceed amounts appropriated as set forth in the District's approved budgets.
3. A signed copy of any written bid/quote/proposal must be submitted to General Counsel.

**RESOLUTION  
OF THE BOARD OF DIRECTORS OF  
INSPIRATION METROPOLITAN DISTRICT**

**ESTABLISHING A CODE OF CONDUCT FOR COMMITTEE MEMBERS**

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WHEREAS, Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing pursuant to §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the “**Board**”) is empowered with management, control, and supervision of all business and affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the Board is authorized to adopt, amend, and enforce bylaws and rules and regulations not in conflict with the constitution and laws of Colorado for carrying on the business, objects, and affairs of the Board and the District; and

WHEREAS, the Board has established or may establish various committees for the purpose of assisting the Board with the functions of the District; and

WHEREAS, the Board has the authority to appoint and remove members to such committees; and

WHEREAS, to ensure that such committees are operating in an efficient, effective and ethical manner, the Board desires to set forth a code of conduct for members appointed to any such committee of the District (each a “**Committee Member**”).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

**Code of Conduct**

Each Committee Member appointed by the Board to any committee established by the Board of the District shall adhere to the following Code of Conduct:

1. No Committee Member shall use her/her position for private gain, including for the purpose of enhancement of his/her financial status through the use of certain contractors or suppliers.

2. No Committee Member shall solicit or accept, directly or indirectly, any gifts, gratuity, favor, entertainment, loan or any other thing of monetary value from a person who is seeking to obtain contractual or other business or financial relations with the District.

3. No Committee Member shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.

4. No Committee Member shall receive any compensation from the District for acting as a volunteer.

5. No Committee Member shall willingly misrepresent facts to the owners, residents and taxpayers of the District for the sole purpose of advancing a personal cause or influencing the community to place pressure on any committee or the Board to advance a personal cause.

6. No Committee Member shall harass, threaten, or attempt through any means to control or instill fear in any owner, resident, taxpayer, Board member or agent of the District.

7. Any Committee Member who is in violation of any provision of the covenants governing the community for more than thirty (30) days shall be automatically removed from the committee without further action by the Board.

8. Any Committee Member convicted of a felony shall be automatically removed from the committee without further action by the Board.


9. No Committee Member shall knowingly misrepresent any fact to anyone involved in any matter with the District which would benefit himself/herself in any way.

10. Language and decorum at District and/or committee meetings will be kept professional. Personal attacks against owners, residents, managers, service providers and Board members are prohibited and are not consistent with the best interest of the community.

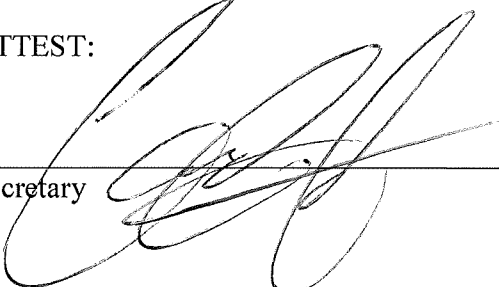
*[Remainder of page intentionally left blank. Signature page follows.]*

RESOLVED, ADOPTED AND APPROVED this 15th day of January, 2019.

INSPIRATION METROPOLITAN DISTRICT

  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

**RESOLUTION  
OF THE BOARD OF DIRECTORS OF  
INSPIRATION METROPOLITAN DISTRICT**

**REGARDING POLICIES, PROCEDURES AND PENALTIES FOR THE  
ENFORCEMENT OF THE GOVERNING DOCUMENTS**

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WHEREAS, Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado, which was previously known as the RockingHorse Metropolitan District No. 2; and

WHEREAS, pursuant to the terms and conditions of the Covenants and Restrictions of RockingHorse recorded in the real property records of the Clerk and Recorder of Douglas County, Colorado at Reception No. 2007028666, on April 11, 2007 (the “**Covenants**”) and the agreement entered into on January 6, 2014 between the District and RockingHorse Metropolitan District No 1 (the “**Assignment Agreement**”), the District is permitted to send demand letters and notices, levy and collect fines and interest, impose liens, and negotiate, settle and take any other actions with respect to any violations or alleged violations of the Governing Documents (as defined below); and

WHEREAS, the Board of Directors (the “**Board**”) of the District is authorized to promulgate adopt, enact, modify, amend, repeal, and re-enact rules and regulations concerning and governing the Property (as that term is defined in the Covenants) (the “**Rules and Regulations**”); and

WHEREAS, the Residential Improvement Guideline Committee (the “**Committee**”) was created to review and provide recommendations to the Board, as requested, regarding the content of and enforcement of the Covenants and the rules and regulations of the community (the “**Improvement Guidelines**”); and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Board is authorized to fix and from time to time increase or decrease, fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District; and

WHEREAS, such fees, rates, tolls, penalties, or charges, until paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the Board desires to set establishing policies, procedures and penalties for violations of the Covenants, any guidelines, rules and regulations, and other policies and procedures of the District, as the same may be adopted, amended and supplemented from time to time (collectively, the “**Governing Documents**”).

NOW THEREFORE, the Board hereby adopts this Resolution and the following policies and procedures:

1. Intent of District. This Resolution is adopted to ensure the protection of the health, safety and welfare of the residents and property owners of the District, to preserve property values, enhance the quality of life for all District residents, and provide a fair and consistent enforcement process of the Governing Documents.

2. Enforcement Policy. The District may enforce the Governing Documents through administrative proceedings or judicial action, and any non-compliance with the Governing Documents by any owner, renter or guest will be the responsibility of the owner of the respective property subject to this Resolution (“the **“Owner”**”). This Resolution is intended to serve as guidance to the Board and the District’s authorized representative(s) (the **“District Representative”**), and does not limit or restrict the authority of the Board. The Board may intervene at any time with respect to any authority granted to or action undertaken by the District Representative. In addition, this Resolution shall not supersede the procedures for approval, disapproval, or notice of noncompliance related to improvements as set forth in the Governing Documents.

3. Investigative Procedure. Upon receipt of a written complaint alleging a violation of the Governing Documents, the District Representative will conduct an investigation to determine whether a violation of the Governing Documents has occurred.

4. Enforcement Process for Continuous Violations Upon determining that a **“Continuous Violation”** (defined as a violation that is ongoing, uninterrupted by time and may take time to cure) has occurred, the District Representative and the Board shall take the following steps:

a. Advisory Letter. If the District Representative determines that a Continuous Violation of the Governing Documents exists, either through the investigative process as set forth above, or through independent inspections or observations of the District Representative, the District Representative will send an “Advisory Letter” to the Owner by first-class United States mail to the address of the Owner on record according to the records of the County Assessor (**“Owner’s Address”**), notifying the Owner of: (i) the restriction violated and the nature of the violation, (ii) that the Owner must have the Continuous Violation corrected within 14 calendar days of the date of the Advisory Letter, and (iii) that failure to timely cure the Continuous Violation may result in potential fines or other sanctions. If, in the discretion of the District Representative, the Continuous Violation requires more than 14 days to cure, the District Representative may extend the cure period or require the Owner to commence such cure within 14 days of the date of the Advisory Letter and diligently prosecute the same to completion.

b. Notice of Complaint and Opportunity to Be Heard. If an Owner fails to cure (or provide adequate proof that he or she is diligently seeking to cure, if applicable) a Continuous Violation within 14 days of the date of the Advisory Letter this shall be considered a second violation for which a fine may be imposed. The District Representative shall send a notice of complaint and opportunity to be heard (**“Hearing Notice”**) to the Owner at the Owner’s address notifying the owner of the Continuous Violation and of the potential fines that may be imposed if the Continuous Violation is



not cured. The Hearing Notice shall further state that the Owner is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing by the Owner within 14 days of the date of the Hearing Notice.

c. Notices of Ongoing Violation. If the Owner has not requested a hearing, cured the Continuous Violation or made arrangements to cure the Continuous Violation and communicated such arrangements to the District Representative in writing within 14 days of the Hearing Notice, this shall be considered a third violation for which a fine may be imposed. The District Representative shall send a notice of ongoing violation (“**Ongoing Violation Notice**”) to the Owner’s Address demanding that the Owner cure the ongoing Continuous Violation and that an additional fine has been imposed on the Owner’s account pursuant to the fine schedule set forth in Paragraph 9 below. If the Continuous Violation remains uncured 14 days after the date of the first Ongoing Notice Violation or the Owner has not made arrangements to cure the Continuous Violation and communicated such arrangements to the District Representative in writing within 14 days of the first Ongoing Violation Notice, this shall be considered a fourth violation for which an additional fine may be imposed. A second Ongoing Violation Notice shall be sent to the Owner and shall advise the Owner of the imposition of an additional fine, pursuant to the fine schedule set forth in Paragraph 9 of this Resolution.

d. Continuing Violation. In the event that a Continuing Violation continues to exist uninterrupted 14 days after the date of the second Ongoing Violation Notice, the District may in its discretion, in addition to any other remedy, send the Owner a notice of daily fines (“**Daily Fine Notice**”) and thereafter impose a fine of up to \$100 for each day that a Continuous Violation so continues.

5. Enforcement Process for Repetitious Violations. Upon determining that a “**Repetitious Violation**” (defined as a violation that occurs at a set point in time and does not require time to cure, such as leaving trash cans out beyond the time allowed) has occurred, the District Representative and Board shall take the following steps:

a. Advisory Letter. If the District Representative determines that a Repetitious Violation of the Governing Documents has occurred, either through the investigative process as set forth above, or through independent inspections or observations of the District Representative, the District Representative will send an “**Advisory Letter**” to the Owner by first-class United States mail to the Owner’s Address, notifying the Owner of: (i) the restriction violated and the nature of the Repetitious Violation, and (iii) that any subsequent violations of the same restriction within 90 days of the date of the Advisory Letter may result in the imposition of fines.

b. Notices of Repetitious Violations. If an Owner subsequently violates the same covenant or rule within 90 days of date of the Advisory Letter, each such instance shall constitute a separate Repetitious Violation for which fines may be imposed pursuant to the fine schedule set forth in Paragraph 9. Upon the occurrence of each subsequent Repetitious Violation, the District Representative shall send the Owner a notice advising the Owner of the Repetitious Violation and of the fine to be imposed (“**Repetitious Violation Notice**”). The first such Repetitious Violation Notice shall further state that

the Owner is entitled to a hearing on the merits of the matter provided that such hearing is requested in writing by the Owner within 14 days of such first Repetitious Violation Notice. The District may impose additional fines with each Repetitious Violation Notice sent after the first Repetitious Violation Notice without the necessity of providing the Owner with the opportunity for a hearing thereafter.

6. Hearing on Violation. If a hearing is requested by the Owner pursuant to Paragraph 4.b or 5.b above, the District Representative shall notify the Owner of the date, time and place of the hearing at least 10 days prior to the hearing. Hearings regarding violations of the Governing Documents shall be conducted by the Board, or a tribunal consisting of District residents, the Committee or other persons as selected by the Board.

7. Failure to Attend or Request Hearing. In the event any Owner fails to request a hearing within 14 days of the date of the Hearing Notice or the first Notice of Repetitious Violation, as applicable, or fails to appear at a requested hearing, the Board or the tribunal or the Committee or the person designated by the Board to conduct the hearing may make a decision with respect to the violation based on the complaint, results of the investigation and any other available information without the necessity of holding a formal hearing. Failure to request a hearing or to appear at a requested hearing will result in the Owner being deemed to have admitted and acknowledged the violation and the Owner will thereafter be subject to all fines and penalties assessed in connection with the violation. After offering an Owner the opportunity for a hearing in the Hearing Notice or the first Notice of Repetitious Violation, as applicable, regardless of whether the Owner then requests a hearing or not, the District need not offer the opportunity for a hearing for any additional fines to be imposed for failure to cure a Continuous Violation or for subsequent instances of a Repetitious Violation.

8. Decision. After the District has taken the steps as outlined above, upon a finding that an Owner is in violation of the Governing Documents, the District Representative shall send notice of violation (“**Notice of Violation**”) to the Owner’s Address. The District may revoke or suspend the Owner’s privileges, impose fines in accordance with the fine schedule set forth below and take such other actions as it may deem necessary or appropriate to assure compliance with the Governing Documents.

9. Fine Schedule. The following fine schedule is adopted for any and all violations of the Governing Documents.

***Continuous Violations***

First Violation	Advisory Letter
Second Violation (Hearing Notice):	\$25.00
Third Violation (First Ongoing Violation Notice	\$50.00
Fourth Violation (Second) Ongoing Violation Notice:	\$75.00
Daily Fine Notice:	Up to \$100.00 per day

***Repetitious Violations:***

First Violation	Advisory Letter
Second Violation within 90 days of the Advisory Letter:	\$25.00
Subsequent Violations within 90 days of the Advisory Letter:	\$50.00 per offense

10. Violations or Offenses that Constitute a Present Danger. If a violation concerns a serious or immediate risk to the health, safety, or welfare of person or property, the District Representative shall seek to obtain prompt action by the Owner to correct the violation and avoid any reoccurrence, and the procedural requirements under this Resolution may be waived by the Board and a hearing scheduled as soon as possible. The Board may impose sanctions as necessary to abate any threat to health, safety or welfare of any person or property.

11. Waiver of Fines and Other Amounts. The District may determine enforcement actions on a case by case basis, and take other actions as it may deem necessary or appropriate to assure compliance with the Governing Documents. The District Representative and/or the Board may, either in its sole discretion, waive all or any portion of any fines and other amounts levied under this Resolution. Additionally, the District Representative and/or the Board may condition waiver of any fine or other amount(s), upon the Owner coming into and staying in compliance with the Governing Documents.

12. Other Enforcement Means. The provisions of this Resolution shall be in addition to all other enforcement means which are available to the District through the Governing Documents, or by law. Application of this Resolution does not preclude the District from using any other enforcement means, including, but not limited to the recording of liens, foreclosure, and any other legal or equitable remedies available to the District.

13. Legal Action. Any violation of the Governing Documents may, in the discretion of the Board, be turned over to legal counsel to take appropriate legal action either in lieu of, or in addition to, the imposition of any fines or other penalties under this Resolution, and Owners shall be responsible for all attorneys' fees and costs incurred in enforcing this Resolution and in collecting amounts due and owing the District.

14. Foreclosure of Lien. All amounts imposed pursuant to this Resolution shall, until paid, constitute a statutory, perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanic's liens, pursuant to § 32-1-1001(1)(j), C.R.S., such lien being a charge imposed for the provision of services and facilities to the property. Said lien may be foreclosed at such time as the District in its sole discretion may determine. The lien shall be perpetual in nature (as defined by the laws of the State of Colorado) on the property and shall run with the land.

15. Deviations. The District may deviate from the procedures set forth herein if, in its sole discretion, such deviation is reasonable under the circumstances.

16. Amendment. The policies, procedures and fine schedule set forth in this Resolution may be supplemented and/or amended from time to time by the District, in its sole and absolute discretion.

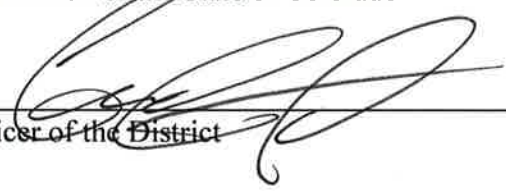
17. Payment. Payment for all fines shall be by check or equivalent form acceptable to the District, made payable to "Inspiration Metropolitan District" and sent to the following address, on or before the due date: Inspiration Metropolitan District, c/o Capital Consultants Management Corporation, 8360 E. Via de Ventura, Suite L-100, Scottsdale, Arizona 85258. The District may change the payment address from time to time and such change shall not require an amendment to this Resolution.

18. Severability. If any portion of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this resolution, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

19. Effective Date. This Resolution shall become effective immediately, and shall supersede in its entirety any prior resolution.

APPROVED AND ADOPTED THIS THE 16<sup>TH</sup> DAY OF APRIL, 2019.

**INSPIRATION METROPOLITAN DISTRICT,**  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

**WHITE BEAR ANKELE TANAKA & WALDRON**  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

**RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
INSPIRATION METROPOLITAN DISTRICT**

**DESIGNATING THE RESIDENTIAL IMPROVEMENT GUIDELINES  
COMMITTEE WITH THE AUTHORITY TO EXERCISE THE POWER OF DESIGN  
REVIEW**

---

WHEREAS, Inspiration Metropolitan District, f/k/a the Rockinghorse Metropolitan District No. 2, (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized pursuant to Article 1, Title 32, Colorado Revised Statutes; and

WHEREAS, the District was organized for the purpose of providing certain improvements, facilities and services to and for the use and benefit of the District, its residents, users, property owners and the public; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the “**Board**”) shall have the management, control and supervision of all the business and affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(m), C.R.S., the Board is authorized to adopt, amend and enforce bylaws and rules and regulations not in conflict with the constitution and laws of Colorado for carrying on the business, objects and affairs of the Board and the District; and

WHEREAS, Rocking Horse Partners, LLC, a Colorado limited liability company, recorded those certain Covenants and Restrictions of RockingHorse in the real property records of the Clerk and Recorder of Douglas County, Colorado on April 11, 2007, at Reception Number 2007028666 (the “**Covenants**”) regarding that certain real property located in the County of Douglas, State of Colorado, as more particularly described in the Covenants; and

WHEREAS, pursuant to the terms of the Covenants and the agreement entered into on January 6, 2014 between the District and the RockingHorse Metropolitan District No. 1 (the “**Assignment Agreement**”), the District has the rights and obligations to enforce the covenants, conditions and restrictions; and

WHEREAS, pursuant to Article 2, Section 2.1.4 of the Covenants and the Assignment Agreement, the District has the authority to appoint a representative or committee to act on its behalf for the review and approval or disapproval of requests for improvements to lots within the Inspiration community subject to an applicant’s right of appeal to the full governing Board as further defined in Article 2, Section 2.4 of the Covenants; and

WHEREAS, pursuant to the before-mentioned authority, the Board adopted the Residential Improvement Guidelines Committee Charter on October 30, 2018 (the “**Charter**”), which established a Residential Improvement Guidelines Committee (the “**Committee**”) for the purpose of prioritizing enforcement of the Covenants and the Residential Improvement Guidelines (the “**Guidelines**”) and suggesting changes to the Guidelines; and

WHEREAS, the Board seeks to expand the powers and authority of the Committee, pursuant to, and in accordance with, Article 2, Section 2.14 of the Covenants and the Assignment Agreement, to include design review in order to ensure that any proposed improvements within the District conform with the Covenants and such rules, regulations, policies, guidelines and procedures as are herein adopted, as may have previously been adopted and as may be modified or supplemented from time to time.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

1. Delegation of Authority to the Committee. The Committee is hereby empowered to exercise all powers and authorities pursuant to the Covenants, Assignment Agreement and the Guidelines relating to design review.
2. No Liability. The Committee members shall be entitled to the protections under Article 2, Section 2.12 of the Covenants and the Resolution of the Board of Directors Providing for the Defense and Indemnification of Directors and Employees of the District.
3. Conflicts of Interest. If any members of the Committee concludes that they have a conflict of interest or an appearance of fairness problem with respect to a matter pending before the Committee so that they cannot discharge their duties on the Committee, they shall disqualify themselves from participating in the deliberations and the decision-making process with respect to the matter.
4. Point of Contact. The Committee’s primary point of contact is the District’s manager.
5. Charter. The Charter, except to the extent amended by this Resolution, shall remain in full force and effect.
6. Amendment. The District expressly reserves the right to amend, revise, redact, and/or repeal the Committee’s authority granted in this Resolution and/or in the Charter, in whole or in part, from time to time in order to further the purpose of carrying on the business, objects, and affairs of the District. The foregoing shall specifically include, but not be limited to, the right to remove Committee members, increase the number of Committee members, add to or reduce the authority of the Committee, eliminate the Committee or change the budget allocated to the Committee, if any, all in the Board’s sole and absolute discretion and subject to the limitations contained in the Covenants.




7. Severability. If any term or provision of this Resolution is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable term or provision shall not affect the validity of the remainder of the resolution or rules and regulations, as a whole, but shall be severed, leaving the remaining terms or provisions in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

*[The Remainder of this Page Intentionally Left Blank. Signature Page to Follow]*

RESOLVED, ADOPTED AND APPROVED this 13<sup>th</sup> day of August, 2019

**INSPIRATION METROPOLITAN DISTRICT**

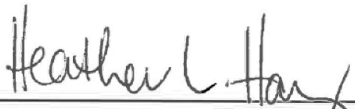
  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

**RESOLUTION  
OF THE BOARD OF DIRECTORS OF THE  
INSPIRATION METROPOLITAN DISTRICT**

**CONCERNING ONLINE NOTICE OF REGULAR AND SPECIAL MEETINGS**

---

WHEREAS, the Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, pursuant to § 24-6-402(2)(C)(IV), C.R.S., the District is a local public body and subject to the provisions of §§ 24-6-401, et seq., C.R.S.; and

WHEREAS, § 24-6-402(2)(c)(I), C.R.S. requires that any meetings at which the adoption of any proposed policy, position, resolution, rule, regulation, or formal action occurs or at which a majority or quorum of the Board of Directors (the “**Board**”) is in attendance, or is expected to be in attendance, shall be held only after full and timely notice to the public; and

WHEREAS, pursuant to § 24-6-402(2)(c)(I), C.R.S., the District shall be deemed to have given full and timely notice if the notice of the meeting is physically posted in a designated public place within the boundaries of the District no less than twenty-four hours prior to holding the meeting; and

WHEREAS, the Colorado Legislature recently enacted House Bill 19-1087 (effective August 2, 2019) declaring its intent that local governments transition from posting physical notices of public meetings in physical locations to posting notices on a website, social media account, or other official online presence of the local government to the greatest extent practicable; and

WHEREAS, § 24-6-402(2)(c)(I), C.R.S., provides that, in addition to any other means of full and timely notice, a local public body shall be deemed to have given full and timely notice if, on or after July 1, 2019, the notice of the meeting, with specific agenda information if available, is posted on a public website of the local public body no less than twenty-four hours prior to the holding of the meeting; and

WHEREAS, the Board has determined to begin posting notices for all regular and special meetings starting August 14, 2019 on a public website in accordance with § 24-6-402(2)(c)(I), C.R.S.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Board hereby designates the following public website for the posting of its regular and special meeting notices: <https://www.lifestinspiration.com>
2. The Board hereby directs its Manager, to the extent feasible, to make the notices searchable by type of meeting, date of meeting, time of meeting, agenda contents, and other category deemed appropriate by the Board and Manager.

3. The Board hereby directs its Manager to provide the District's website, to the department of local affairs for inclusion in the inventory maintained pursuant to § 24-32-116, C.R.S.

4. If the District is unable to post notices on a public website in exigent or emergency circumstances such as power outage or an interruption in internet service, the Board hereby designates the following location for posting of its regular and special meeting notices: Inspiration Club – 23392 Zante Street, Aurora, CO.

5. All postings pursuant to this Resolution shall commence after the effective date of House Bill 19-1087.

*[Remainder of Page Intentionally Left Blank. Signature Page Follows]*

ADOPTED this 13<sup>th</sup> day of August, 2019.

**INSPIRATION METROPOLITAN  
DISTRICT**

By:   
Officer of the District

Attest:

By: 

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON

  
General Counsel to the District

**RESOLUTION  
OF  
THE BOARD OF DIRECTORS  
OF THE  
INSPIRATION METROPOLITAN DISTRICT**

**ADOPTING A POLICY REGARDING THE CONDUCT OF REGULAR AND SPECIAL  
MEETINGS**

---

WHEREAS, the Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS pursuant to § 32-1-1001(1)(h), C.R.S, C.R.S., the Board of Directors of the District (the “**Board**”) is empowered to have the management, control and supervision of all of the business and affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the District has the power to adopt, amend, and enforce bylaws and rules and regulations not in conflict with the Colorado Constitution for the purpose of carrying on the business, objects, and affairs of the board and the special district; and

WHEREAS, the Board desires to adopt a policy regarding the conduct of all regular and special meetings in order to efficiently and effectively hold such meetings.

NOW THEREFORE, the Board hereby adopts this Resolution and the following policies and procedures:

1. Conduct: All regular and special meetings shall be governed by the following rules of conduct and order:
  - (1) The President of the District or designee shall chair all regular and special meetings (the “**Chair**”).
  - (2) All persons who attend a regular or special meeting will sign in on the attendance sheet provided by the District.
  - (3) The District will designate a public comment period during regular and special meetings (the “**Public Comment Period**”). It is only during the Public Comment Period that persons may address the Board, unless the Board specifically solicits input from the audience at another time during the regular or special meeting.



- (4) Any person desiring to speak during the Public Comment Period shall sign up on the list provided at check in.
  - (5) Anyone wishing to speak must first be recognized by the Chair.
  - (6) Only one person may speak at a time.
  - (7) Each person who speaks shall first state his or her full name and property address.
  - (8) Each person shall be given up to a maximum of three minutes to make a statement or to ask questions during the Public Comment Period. Such time limit may be increased or decreased by the Chair, but shall be uniform for all persons.
  - (9) The Board may decide whether or not to answer questions and/or respond to comments during the regular or special meeting.
  - (10) Each person may only speak once during the Public Comment Period.
  - (11) Yielding of time by a speaker to another individual shall not be permitted.
  - (12) Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting.
  - (13) Comments are to be relevant to the purpose of the regular or special meeting.
  - (14) Anyone disrupting a regular or special meeting, as determined by the Chair or Board, shall be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the regular or special meeting.
2. Deviations. The Chair and/or Board may establish additional rules of order as may be necessary from time to time and may deviate from the procedures set forth in this Resolution if in their sole discretion such deviation is reasonable under the circumstances.
  3. Amendment. This Resolution may be amended from time to time by the Board of Directors.
  4. Effective Date. This Resolution shall become effective immediately.

APPROVED AND ADOPTED THIS 13<sup>th</sup> DAY OF AUGUST, 2019

**INSPIRATION METROPOLITAN DISTRICT,**  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

  
\_\_\_\_\_  
Officer of the District

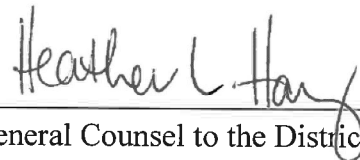
ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON

Attorneys At Law

  
\_\_\_\_\_  
General Counsel to the District

**RESOLUTION  
OF THE BOARD OF DIRECTORS OF  
INSPIRATION METROPOLITAN DISTRICT**

**ADOPTING A DISTRICT FENCE MAINTENANCE POLICY**

---

WHEREAS, Inspiration Metropolitan District (the “District”) is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized pursuant to Article 1, Title 32, Colorado Revised Statutes; and

WHEREAS, the District was organized for the purpose of providing certain improvements, facilities and services to and for the use and benefit of the District, its residents, users, property owners and the public; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the District has the power to adopt, amend, and enforce bylaws and rules and regulations for the purpose of carrying on the business, objects, and affairs of the board and the special district; and

WHEREAS, certain fencing has been installed on District owned or maintained property which fencing abuts or is adjacent to privately owned lots within the District, which fencing is for the benefit of owners of property within the District; and

WHEREAS, such fencing requires periodic maintenance, repair and/or replacement; and

WHEREAS, the District desires to set forth a fence maintenance policy regarding the maintenance, repair and/or replacement such fencing.

NOW, THEREFORE, be it resolved by the Board of Directors of the District as follows:

1. Definitions. Any initially capitalized terms used in this Resolution shall have the same meaning as set forth in the Declaration unless specifically defined herein.

(a) “Declaration” means the Covenants and Restrictions of Rockinghorse, recorded in the real property records of the Clerk and Recorder of Douglas County, Colorado on April 11, 2007, at Reception Number 2007028666, as may be amended.

(b) “District Fence” means any fence within the District that is installed or constructed along the property line between any portion of the District Property and any Lot.

(c) “District Property” means any real property owned or maintained by the District.

(d) “Exterior Side” means the side of any District Fence that faces the District Property.

(e) “Interior Side” means the side of any District Fence that faces the Lot to which the District Fence abuts or is adjacent.

2. District Fence Maintenance Obligations.

(a) Except as otherwise provided in this Resolution, the District shall be responsible for maintaining, repairing and replacing all of the District Fences. The District shall determine the specifications, scope, extent, nature, parameters, and scheduling of the District’s maintenance, repair and/or replacement of the District Fences. Notwithstanding the above, however, the District shall not be responsible for staining of the Interior Side of any District Fence, which staining shall be the responsibility of the Owner of the Lot which abuts such District Fence, at such Owner’s sole cost and expense. The District shall be responsible for the staining of the Exterior Side of all District Fences.

(b) Notwithstanding the above, the Owner of any Lot which abuts a District Fence may, but shall not be obligated to, stain the Exterior Side of the portion of the District Fence abutting such Owner’s Lot, in accordance with the following standards and guidelines:

(i) The only acceptable stain for the Interior and Exterior Side of the District Fence is Diamond Vogel Paint #76415-270, which can be obtained at Diamond Vogel, 250 E. Dry Creek Road #110, Littleton, Colorado 80122 or which can be obtained at Sherwin-Williams (23850 E Smoky Hill Road, Aurora, Colorado 80016 (303) 766-1845) with their custom color-matched stain identified as Inspiration Custom Manual Match Exterior Architectural, Flat FM8000DE, Superdeck Solid Color Stain and further identified as:

CCE* Colorant	02	32	64	128
W1-White	-	17	-	-
B1-Black	8	50	1	-
R2-Maroon	-	26	1	-
Y3-Deep Gold	-	33	1	-

You may also reference the above to Sherwin-Williams as the “Inspiration Fence Stain”

(ii) The Owner of the Lot must submit a request to the Board of Directors of the District for approval to stain the Exterior Side of such District Fence in the same manner as required for any other exterior modification to a Lot, as set forth Article 2 of the Declaration. If the Owner desires to stain the Interior Side of such District Fence at the same time, the Owner may submit the request for approval of the same together with the request for approval to stain the Exterior Side of the District Fence.

(iii) Upon approval from the Board of Directors of the District to stain the Exterior Side of the District Fence adjacent to the Owner’s Lot, the Owner may access the District Property as necessary to stain the Exterior Side of the District Fence and proceed to stain the same, at the Owner’s sole cost and expense. Nothing contained in this Resolution or any approval granted by the District for such staining shall entitle the Owner to any compensation or reimbursement from the District for the Owner’s staining of the Exterior Side of the District Fence. Further, nothing in this Resolution or any approval granted by the District for such staining shall prevent or preclude the District from thereafter staining the Exterior Side of such District Fence or otherwise maintaining, repairing or replacing the District Fence.

(iv) If an Owner undertakes to stain the Exterior Side of the District Fence adjacent to such Owner’s Lot, the Owner shall defend, indemnify and hold harmless the District and each of its directors, officers, contractors, employees, agents and consultants from and against any and all claims, demands, losses, liabilities, actions, lawsuits, damages, and expenses, including reasonable legal expenses and attorneys’ fees actually incurred, by the District and each of its directors, officers, contractors, employees, agents and consultants arising directly or indirectly, in whole or in part, out of the errors or omissions, negligence, willful misconduct, or any criminal or tortious act or omission of the Owner or such Owner’s family, guests, lessees, invitees or contractors in connection with such staining of the Exterior Side of the District Fence.

(c) In the event any repair, maintenance and/or replacement of any District Fence results from the willful, negligence, or intentional act of an Owner his family, guests, lessees, or invitees, the Board of Directors of the District shall have the right to charge and collect the costs of such repair and/or replacement to such Owner.


3. Effective Date. The provisions of this resolution shall take effect as of the date of this Resolution.

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RESOLVED AND ADOPTED THIS 22 DAY OF August, 2019.

**INSPIRATION METROPOLITAN DISTRICT,**  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

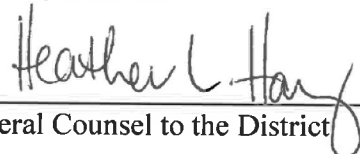
  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

**WHITE BEAR ANKELE TANAKA & WALDRON**  
Attorneys At Law

  
\_\_\_\_\_  
General Counsel to the District

*Signature page to Resolution Adopting a District Fence Maintenance Policy*

**RESOLUTION  
OF  
THE BOARD OF DIRECTORS  
OF THE  
INSPIRATION METROPOLITAN DISTRICT**

**ADOPTING A POLICY REGARDING THE CONDUCT OF COMMITTEE MEETINGS**

---

WHEREAS, the Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS pursuant to § 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the “**Board**”) is empowered to have the management, control and supervision of all of the business and affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the District has the power to adopt, amend, and enforce bylaws and rules and regulations not in conflict with the Colorado Constitution for the purpose of carrying on the business, objects, and affairs of the board and the special district; and

WHEREAS, the Board desires to adopt a policy regarding the conduct of all committee meetings in order to efficiently and effectively hold such meetings.

NOW THEREFORE, the Board hereby adopts this Resolution and the following policies and procedures:

1. Conduct: All committee meetings shall be governed by the following rules of conduct and order:
  - (1) The President of the Committee, or designee shall chair all committee meetings (the “Chair”).
  - (2) All persons who attend a committee meeting will sign in on the attendance sheet provided by the Committee.
  - (3) The Committee may, *but is not required to*, designate a public comment period during the committee meetings (the “**Public Comment Period**”). It is only during the Public Comment Period that persons may address the Committee, unless the Committee specifically solicits input from the audience at another time during the committee meeting. If the Committee designates a Public Comment Period, the following rules will be followed:

- a. Any person desiring to speak during the Public Comment Period shall sign up on the list provided at check in.
- b. Anyone wishing to speak must first be recognized by the Chair.
- c. Only one person may speak at a time.
- d. Each person who speaks shall first state his or her full name and property address.
- e. Each person shall be given up to a maximum of three minutes to make a statement or to ask questions during the Public Comment Period. Such time limit may be increased or decreased by the Chair, but shall be uniform for all persons.
- f. The Committee may decide whether or not to answer questions and/or respond to comments during the committee meeting.
- g. Each person may only speak once during the Public Comment Period.
- h. Yielding of time by a speaker to another individual shall not be permitted.
- i. Comments are to be offered in a civilized manner and without profanity, personal attacks or shouting.
- j. Comments are to be relevant to the purpose of the committee meeting.

(4) If the Committee does not designate a Public Comment Period, there shall be no comments from the audience.

(5) Anyone disrupting a committee meeting, as determined by the Chair shall be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the committee meeting.


2. Deviations. The Chair and/or Board may establish additional rules of order as may be necessary from time to time and may deviate from the procedures set forth in this Resolution if in their sole discretion such deviation is reasonable under the circumstances.

3. Amendment. This Resolution may be amended from time to time by the Board of Directors.

4. Effective Date. This Resolution shall become effective immediately.

APPROVED AND ADOPTED THIS 22 DAY OF August, 2019

**INSPIRATION METROPOLITAN DISTRICT,**  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

  
\_\_\_\_\_  
Officer of the District

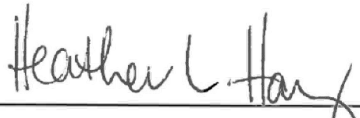
ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON

Attorneys At Law

  
\_\_\_\_\_  
General Counsel to the District

**Resolution No. 2019-11-08**

**RESOLUTION  
OF THE BOARD OF DIRECTORS OF  
INSPIRATION METROPOLITAN DISTRICT**

**ESTABLISHING A CAPITAL RESERVE POLICY**

---

WHEREAS, Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized pursuant to §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, the District was organized for the purpose of providing certain improvements, facilities and services to and for the use and benefit of the District, its residents, users, property owners and the public; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the District has the power to manage, control, and supervise all of the business and affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the District has the power to adopt, amend, and enforce bylaws and rules and regulations not in conflict with the constitution and laws of this state for carrying on the business, objects, and affairs of the board and the District; and

WHEREAS, preserving the value of the physical assets of the District is a primary responsibility of the District and is matched in priority by the District’s debt servicing obligations; and

WHEREAS, the District has determined that accumulating and maintaining capital reserves is an important part of the planning for the orderly maintenance, repair, replacement and improvement of the District’s facilities and property and will help ensure that the District can preserve the value of its physical assets; and

WHEREAS, as part of the District’s financial stewardship establishing a capital reserve policy is a sound practice to address both foreseen and unforeseen capital expenditures.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

1. Baseline Reserve Study. The District hereby considers the Reserve Analysis Report dated November 3, 2016 by Advanced Reserve Solutions, Inc. as the baseline reserve study.
2. Update of the Reserve Study. The District may cause the reserve study to be evaluated

by the Board of Directors of the District (the “**Board**”), or, depending on available financial resources, a third-party, every three to five years to determine increases in replacement costs and decreases in remaining useful lives of the components of the reserve study to adequately address changes to be made to the reserve study. In determining whether an update to the reserve study, is needed more often than every three years, the Board may consider the following:

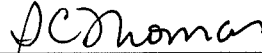
- a. Whether there have been significant additions or replacements to the District’s property since the last reserve study;
  - b. Whether local inflation for materials and labor has substantially increased;
  - c. Whether there have been changes to the useful life or remaining useful life of assets;
  - d. Whether reserve funding had been received as planned;
  - e. Whether reserve expenditures were incurred as planned;
  - f. Whether there have been any reclassification of assets from operating to reserve or from reserve to operating;
  - g. Whether assets sustained extreme wear and tear from harsh weather or lack of maintenance; and/or
  - h. Whether there have been any new technological changes or improved product development that might result in a component change.
3. Physical and Financial Analysis. A reserve study may include both a physical and a financial analysis as follows:
- a. The physical analysis may include:
    - i. A component inventory identifying those portions of the community the District is obligated to maintain, including the useful life of each component.
    - ii. A condition assessment of each component on the component inventory by onsite inspection.
    - iii. Estimates of the remaining useful life and replacement costs of each component.
  - b. The financial analysis may include:
    - i. An analysis of the funds currently held in the District’s reserve fund in relation to the expended needs of the District per the reserve study.
    - ii. A future funding plan to meet the requirements of the reserve study.
4. Reserve Fund Goal. It is the desire of the Board to reach, over a period of time, a balance in the reserve fund account that is equal to at least sixty-five percent (65%) of the amount prescribed by the most current reserve study completed and accepted by the Board.
5. Use of Reserve Funds. Nothing in this Resolution shall limit the ability of the District to utilize funds from its annual operations fund for maintenance, repair or replacement costs that would otherwise have been covered by Reserve Funds.

6. Review of Capital Reserve Balances. The Board may request that the District's accountant analyze the Reserve Fund balances in order to provide recommendations to the Board regarding various investment options available. Any and all recommendations shall adhere to state statutes regarding investments permitted by governmental entities and the District's Pooled Cash and Investment Policy described in the annual audit.
7. Subject to Annual Appropriation and Budget. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The District's obligations under this Resolution exist subject to annual budgeting and appropriations.
8. Deviations. The Board and District may deviate from the procedures set forth in this Resolution in its absolute discretion.
9. Amendment. This Resolution may be amended from time to time by the Board.

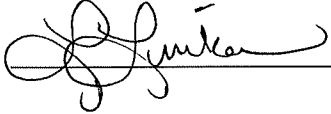
*(Signature Page Follows)*

APPROVED AND ADOPTED THIS 19<sup>th</sup> DAY OF NOVEMBER, 2019.

INSPIRATION METROPOLITAN DISTRICT, a  
quasi-municipal corporation and political  
subdivision of the State of Colorado

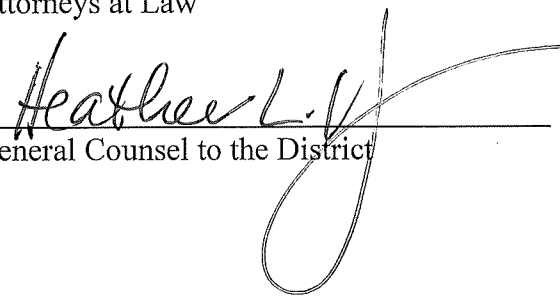
  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

*Signature page to Resolution Establishing A Capital Reserve Policy*



**Resolution No. 2019-11-06**

**RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
INSPIRATION METROPOLITAN DISTRICT**

**Adopting a Personal Data Privacy Policy**

---

WHEREAS, the Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing special district pursuant to Title 32, Colorado Revised Statutes; and

WHEREAS, the Colorado General Assembly adopted House Bill 18-1128 concerning strengthening protections for consumer data privacy (the “**Bill**”) with an effective date of September 1, 2018; and

WHEREAS, the Bill added Article 73 to Title 24, Colorado Revised Statutes known as “Security Breaches and Personal Information” (“**Article 73**”) which requires each Governmental Entity in the state that maintains paper or electronic documents during the course of business that contain Personal Identifying Information to develop a written policy for the destruction or proper disposal of such paper and electronic documents; and

WHEREAS, § 24-73-101(4)(a), C.R.S., defines a “Governmental Entity” as the state and any state agency or institution, including the judicial department, county, city and county, incorporated city or town, school district, special improvement district, authority, and every other kind of district, instrumentality, or political subdivision of the state organized pursuant to law. “Governmental Entity” includes entities governed by home rule charters; and

WHEREAS, the District is a Governmental Entity under Article 73 as it is a political subdivision of the state organized pursuant to law; and

WHEREAS, § 24-73-101(4)(b), C.R.S., defines “Personal Identifying Information” as a social security number; a personal identification number; a password; a pass code; an official state or government-issued driver’s license or identification card number; a government passport number; biometric data, as defined in § 24-73-103(1)(a), C.R.S.; an employer, student, or military identification number; or a financial transaction device, as defined in § 18-5-701(3), C.R.S.; and

WHEREAS, the District may maintain paper or electronic documents that contain Personal Identifying Information; and

WHEREAS, the District has developed and desires to adopt a written policy for the destruction or proper disposal of paper and electronic documents containing Personal Identifying Information, in conformance with Article 73.

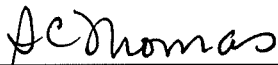
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. Adoption of Personal Data Privacy Policy. The District hereby adopts the Personal Data Privacy Policy set forth in **Exhibit A**, attached hereto and incorporated herein.
2. Preambles Incorporated. The preambles to this Resolution are hereby incorporated into this Resolution as if set out fully herein.
3. Severability. If any part, section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining provisions.
4. Effective Date. This Resolution shall become effective as of September 1, 2018, shall be enforced immediately thereafter and shall supersede any previous policy related to disposal of paper and electronic documents containing Personal Identifying Information. This Resolution shall be implemented and administered by the District to conform with all requirements of Article 73, as modified from time to time.

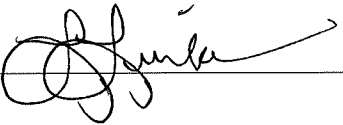
*[Signature page follows.]*

ADOPTED this 19<sup>th</sup> day of November, 2019.

INSPIRATION METROPOLITAN DISTRICT, a  
quasi-municipal corporation and political  
subdivision of the State of Colorado

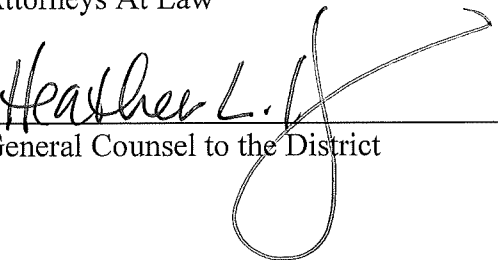
  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys At Law

  
\_\_\_\_\_  
General Counsel to the District

*Signature page to Resolution Adopting Personal Data Privacy Policy*

## **EXHIBIT A**

### **Personal Data Privacy Policy**

The purpose of this Personal Data Privacy Policy is to comply with § 24-73-101 (1), C.R.S., which requires a Governmental Entity that maintains paper or electronic documents during the course of business that contain Personal Identifying Information to develop a written policy for the destruction or proper disposal of such paper and electronic documents.

#### Section 1. Definitions

- (1) “District” means the Inspiration Metropolitan District
- (2) All defined terms in sections 2-5, unless otherwise noted, shall be defined as in § 24-73-101, C.R.S.
- (3) All defined terms in section 6 shall be defined as in § 24-73-103, C.R.S.

#### Section 2. Protection of Personal Identifying Information

- (1) The District may collect the following Personal Identifying Information over the course of normal business:
  - a. Bank account numbers;
  - b. Credit card numbers;
  - c. Driver’s license or government identification card numbers;
  - d. Employer identification number; and
  - e. Social Security Numbers.

#### Section 3. Security Procedures and Practices

- (1) The District will store paper documents containing Personal Identifying Information in a locked cabinet or locked office. Only employees who must use Personal Identifying Information to conduct District business will have access to the storage location.
- (2) The District will take appropriate measures to protect Personal Identifying Information stored as digital media. These protections may include firewalls and encryption software. Only those employees who must use the Personal Identifying Information to conduct District business will have access to the electronic storage system(s).

(3) In the event the District discloses Personal Identifying Information to a Third-party Service Provider, as that term is defined in § 24-73-102, C.R.S, the District will require the Third-party Service Provider to verify they have implemented and maintained reasonable security procedures and practices appropriate to the nature of the Personal Identifying Information.

#### Section 4. Records Management and Destruction

(1) Records maintaining Personal Identifying Information should be retained in accordance with the District's Records Retention Policy. Retention periods vary based on the type of record. All records must be disposed of in a manner that renders the records unreadable or indecipherable through any means.

#### Section 5. Open Records Disclosure

(1) The District is governed by the Colorado Open Records Act ("CORA"). Any records maintained by the District may be subject to inspection and copying by members of the public, unless an exemption in the law exists. In the event the District must release records containing Personal Identifying Information, sensitive data will be redacted or otherwise removed to protect the privacy of the individual(s).

(2) The District will not otherwise release Personal Identifying Information unless legally required to do so in connection with legal proceedings or law enforcement investigations. The District will not sell Personal Identifying Information to any outside organization.

#### Section 6. Notification of Security Breach

(1) In the event the District becomes aware that a Security Breach may have occurred, the District will conduct in good faith a prompt investigation to determine the likelihood that Personal Information has been or will be misused. The District will notify the affected Colorado residents in accordance with the notice requirements set forth in § 24-73-103, C.R.S., unless the investigation determines that the misuse of information about a Colorado resident has not occurred and is not reasonably likely to occur.

**Resolution No. 2019-11-04**

**AMENDED AND RESTATED RESOLUTION  
OF THE BOARD OF DIRECTORS OF THE  
INSPIRATION METROPOLITAN DISTRICT**

**Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges**

---

WHEREAS, Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Board of Directors of the District (the “**Board**”) is authorized to fix and from time to time increase or decrease, fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District (collectively, the “**Fees**”) to properties within and without (each property individually referred to herein as the “**Property**”) the District’s boundaries; and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., until paid, the Fees shall constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanics’ liens; and

WHEREAS, by this Resolution (the “**Resolution**”), the District desires to set forth guidelines for the processing and collection of unpaid and/or delinquent Fees imposed by the District, together with any and all Late Fees, Interest, Penalties and Costs of Collections (each defined separately in this Resolution), (collectively, the “**Delinquent Fees and Charges**”); and

WHEREAS, notwithstanding anything in this Resolution to the contrary, the guidelines set forth in this Resolution are intended to create orderly and fair procedures for the processing and collection of Delinquent Fees and Charges and any deviation from the guidelines shall not affect the status of the Lien (as defined below) in any way.

WHEREAS, on August 13, 2019, the Board adopted the Resolution of the Board of Directors of the Resolution Establishing Guidelines for the Processing of Delinquent Fees Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges (the “**Prior Policy**”), and the Board desires to adopt this Resolution to amend and restate the Prior Policy in its entirety.

NOW, THEREFORE, the Board hereby RESOLVES:

1. **Statement of Lien Guidelines:**

a. **Perpetual Lien.** Pursuant to § 32-1-1001(1)(j)(I), C.R.S., all Delinquent Fees and Charges shall constitute a perpetual lien on and against the Property served by the District (the “**Lien**”). All such Liens shall, to the fullest extent permitted by law, have priority over all other liens of record affecting the Property and shall run with the Property and remain in effect

until paid in full. All Liens contemplated herein may be foreclosed as authorized by law at such time as the District, in its sole discretion, may determine.

i. Notwithstanding the foregoing, the guidelines set forth in this Resolution are intended to create orderly and fair procedures for the processing and collection of Delinquent Fees and Charges and to provide additional notice to interested parties, including, but not limited to, title companies and the Property owner. In the event any or all of the guidelines set forth in this Resolution are not followed, such deviation shall not affect the status of the Lien in any way. Further, the Board may waive any guidelines set forth in this Resolution and may amend them from time to time as it deems necessary.

b. ***District's Manager Procedures.*** The District's Manager, Accountant or Billing Agent (any of which are referred to herein as the "**Manager**") is responsible for collecting Fees imposed by the District against the Property. In the event payment of Fees is delinquent, the Manager may perform the procedures listed below. The Fees are considered delinquent when they have not been paid by their corresponding due date (the "**Delinquent Account**"):

i. *Fifteen (15) Calendar Days Past Due:* A delinquent payment "Reminder Letter" may be sent to the address of the last known owner or occupant of the Property according to the Manager's records. In the event the above mailing is returned as undeliverable, the Manager may send a second copy of the Reminder Letter to: (1) the Property; and (2) the address of the last known owner of the Property as found in the real property records of the County Assessor's Office (the "**Assessor**") for the County in which the District is located (collectively, the "**Property Address**"). Said Reminder Letter may: (1) request prompt payment; (2) notify the Property owner that a Reminder Letter Fee, and a Late Fee in the amounts set forth in this Resolution have been assessed; and (3) reference the url address of the District's webpage where this Resolution is displayed, if available and requested by the Board.

ii. *Fifteen (15) Calendar Days From the Postmark Date of the Reminder Letter:* A "Warning Letter" may be sent to the Property Address: (1) requesting prompt payment; (2) warning of further legal action should the Property owner fail to pay the total amount due and owing; and (3) referencing the url address of the District's webpage where this Resolution is displayed, if available. Along with the Warning Letter, a copy of the most recent account ledger reflecting the total amount due and owing to the District according to the records of the Manager may also be sent.

iii. *Delinquent Account Post Warning Letter:* A "Manager Demand Letter" may be sent to the Property Address: (1) requesting prompt payment; (2) warning of further legal action should the Property owner fail to pay the total amount due and owing; and (3) referencing the url address of the District's webpage where this Resolution is displayed, if available. Along with the Manager Demand Letter, a copy of the most recent account ledger reflecting the total amount due and owing to the District according to the records of the Manager may also be sent.

iv. *Ten (10) Calendar Days from the Postmark Date of the Manager Demand Letter:* Once the total amount of Delinquent Fees and Charges owing on the Property has exceeded two (2) quarters in arrears or under the circumstances outline in Section 1(d) below,

regardless of whether the Manager has performed the tasks outlined in Section 1(b) of this Resolution, the Manager may refer the Delinquent Account to the District's General Counsel (the "**General Counsel**"). At the time of such referral, the Manager may be requested to provide General Counsel with copies of all notices and letters sent pursuant to Section 1(b), if any, as well as a copy of the most recent ledger for the Delinquent Account.

c. **General Counsel Procedures.** Upon referral of a Delinquent Account from the Manager, General Counsel may perform the following:

i. *Upon Referral of the Delinquent Account From the Manager:* A "Demand Letter" may be sent to the Property Address, notifying the Property owner that the Property has been referred to General Counsel for further collections enforcement, including the filing of a statement of lien against the Property. Along with the Demand Letter, a copy of the most recent account ledger reflecting the total amount due and owing the District according to the records of the Manager may also be sent.

ii. *No Sooner than Thirty (30) Calendar Days from the Postmark Date of the Demand Letter:* A Notice of Intent to File a Statement of Lien, along with a copy of the statement of lien to be filed, may be sent to the Property Address of the Delinquent Account notifying the Property owner that a statement of lien will be recorded with the clerk and recorder of the County where the Property is located (the "**Clerk and Recorder**") within no sooner than ten (10) days from the postmark date of the Notice of Intent to File a Statement of Lien.

iii. *No Sooner than Ten (10) Calendar Days from the Postmark Date of the Notice of Intent to File a Statement of Lien:* A Statement of Lien for the total amount due and owing as of the date of the Statement of Lien may be recorded against the Property with the Clerk and Recorder no sooner than ten (10) days from the postmark date of the Notice of Intent to File a Statement of Lien is sent to the Property. Notwithstanding the amount due and owing reflected on the Statement of Lien, all Delinquent Fees and Charges will continue to accrue on the Delinquent Account and will run with the Property until the total amount due and owing the District is paid in full.

d. **Foreclosure or Bankruptcy.** In circumstances where the Property is being foreclosed upon or where the owner of the Property has declared or is declaring bankruptcy and notice of such bankruptcy action has been provided to the District, the Manager may be permitted, in his or her discretion, to refer the Delinquent Account directly to General Counsel in order to avoid unnecessary, costly and time consuming procedures. Upon referral of the Delinquent Account to General Counsel, General Counsel may, in his or her discretion, immediately file a Statement of Lien on the Property. Further, when a Delinquent Account has a balance of \$1,500.00 or greater, General Counsel is authorized to commence foreclosure action against the Property. The District may, at its option, forward a copy of the foreclosure warning letter to any and all deed of trust holders and/or counsel for any and all deed of trust holders of record.



2. **Late Fees:**

a. Late Fees are assessed on the Property for failure to make timely payments of Fees. Late Fees are applied, regardless of whether the Fees are assessed on a one-time, monthly, quarterly, semi-annual, annual, or any other basis.

b. Late Fees are assessed on the Property **Fifteen (15) calendar days from the payment due date**. Pursuant to § 29-1-1102, C.R.S., such Late Fee may be charged by either of the following two methods, whichever is greater:

i. One Late Fee of Fifteen Dollars (\$15.00) may be assessed on the Property per each assessment or installment of Fees not fully paid prior to the Fifteenth (15) calendar day following the payment due date; or

ii. In lieu of Section 2(b)(i) above, a Late Fee of Five Percent (5%) per month, commencing on the Fifteenth (15) calendar day following the payment due date, and each month thereafter, may be charged on unpaid Fees until the Late Fee equals Twenty Five Percent (25%) of all outstanding Fees.

c. Partial payment of any outstanding Delinquent Fees and Charges will not prevent the imposition of Late Fees pursuant to this Section 2.

d. Payments received will be applied to the balance due in the following order of priority: (1) Late Fees; (2) Interest; (3) Costs of Collections; (4) Legal Fees and Costs; (5) the earliest imposed and unpaid Fees; (6) any successive unpaid Fees in chronological order from the earliest unpaid Fees to the most recently imposed Fees.

e. No penalty will be assessed on the Property for a credit balance resulting from the prepayment and/or overpayment of Fees. Such credit balances will be carried forward on the account with all subsequent Fees and Delinquent Fees and Charges being deducted until such time as the credit balance is depleted. A Property carrying a credit balance may be assessed Late Fees as provided herein at such time as the credit balance is insufficient to pay the entire amount of Fees due and owing the District.

3. **Interest:** Interest charges accrue on all delinquent Fees at the maximum statutory rate of Eighteen Percent (18%) per annum. Interest shall not accrue and be charged on Late Fees, Interest or Costs of Collections. §29-1-1102, C.R.S.

4. **Penalties:** May be charged on Delinquent Accounts at a rate determined by the Board and may include, but are not limited to, pro-rated costs associated with collection efforts on behalf of the District for all Delinquent Accounts combined.

5. **Costs of Collections:**

a. Include, but are not limited to, attorneys' fees and all costs, fees and charges associated with the processing and/or collection of Delinquent Fees and Charges, including the following fixed rates and hourly fees and costs:

i. *Action Fees.* The following fixed rate fees are charged to a Delinquent Account once the corresponding action has been taken by either the Manager or General Counsel:

- ◆ *Reminder Letter Fee:* Thirty Dollars (\$30.00) per Reminder Letter. This action is typically performed by the Manager.
- ◆ *Warning Letter Fee:* Thirty Dollars (\$30.00) per Warning Letter sent. This action is typically performed by the Manager.
- ◆ *Manager Demand Letter Fee:* Thirty Dollars (\$30.00) per Manager Demand Letter sent. This action is typically performed by the Manager.
- ◆ *Return Check Fee:* Twenty Dollars (\$20.00) per returned payment.
- ◆ *Attorney Transfer Fee:* Seventy Dollars (\$70.00) per Delinquent Account transferred from the Manager to General Counsel. This action is performed by the Manager.
- ◆ *Demand Letter Fee:* One Hundred Fifty Dollars (\$150.00) per Demand Letter sent. This action is performed by General Counsel.
- ◆ *Follow up Demand Letter Fee:* Fifty Dollars (\$50.00) per Follow up Demand Letter sent. This action is performed by General Counsel.
- ◆ *Notice of Intent to File a Statement of Lien Fee:* One Hundred Twenty Dollars (\$120.00) per Notice of Intent to File a Statement of Lien sent. This action is performed by General Counsel.
- ◆ *Lien Recording Fee:* One Hundred Fifty Dollars (\$150.00) per each lien recorded on the Property. This action is performed by General Counsel.
- ◆ *Payment Plan Fee:* Two Hundred Fifty Dollars (\$250.00) per Payment Plan prepared. This action is performed by General Counsel.
- ◆ *Default Letter Fee:* Seventy Dollars (\$70.00) per Default Letter prepared. This action is performed by General Counsel.
- ◆ *Monitoring Bankruptcy Fee:* One Hundred Dollars (\$100.00) for monitoring Chapter 7 bankruptcies. Three Hundred and Fifty Dollars (\$350.00) for monitoring Chapter 13 or Chapter 11 bankruptcies. These actions are performed by General Counsel.

- ◆ *Monitoring Public Trustee Foreclosure Fee:* Two Hundred Dollars (\$200.00) per Public Trustee Foreclosure action monitored. This action is performed by General Counsel.
- ◆ *Attorney Reminder Letter Fee:* One Hundred Dollars (\$100.00) per Reminder Letter. This action is performed by General Counsel.
- ◆ *Certificate of Status Fee:* One Hundred Dollars (\$100.00) per Status Letter prepared. This action is performed by General Counsel.
- ◆ *Foreclosure Warning Letter Fee:* One Hundred Dollars (\$100.00) per Foreclosure Warning Letter prepared. This action is performed by General Counsel.
- ◆ *Lien Release Fee:* One Hundred Fifty Dollars (\$150.00) per lien that is released. This action is performed by General Counsel. It is recommended that the Lien Release Fee be charged to the Delinquent Account at the same time as the Lien Recording Fee.

ii. *Attorney Hourly Fees and Costs.* Upon transfer of a Delinquent Account to General Counsel, all hourly attorneys' fees and costs, including, but not limited to, litigation and expert witness fees and costs, litigation guarantees, service of process and/or publications incurred by the District to collect or defend the Delinquent Fees and Charges are assessed to the Delinquent Account and become part of the perpetual Lien on the Property. All such hourly attorneys' fees and costs shall be reasonable.

iii. *Recovery of Costs of Collections.* In accordance with § 29-1-1102(8), C.R.S., nothing in this Resolution shall be construed to prohibit the District from recovering all Costs of Collections whether or not outlined above.

**6. Waiver of Late Fees, Interest and Costs of Collections:**

a. The Manager and General Counsel each have authority and discretion to waive or reduce portions of the Delinquent Account attributable to Late Fees and Interest. Such action is permitted if either the Manager or General Counsel, in its discretion, determines that such waiver or reduction will facilitate the payment of Delinquent Fees and Charges. Notwithstanding the foregoing, neither the Manager nor General Counsel shall have the authority to waive Late Fees and Interest which, in the aggregate, exceeds One Thousand Dollars (\$1,000.00). In such case, the person or entity owing in excess of One Thousand Dollars (\$1,000.00) in Late Fees and Interest combined and requesting such a waiver shall first submit a request, in writing, to the Board, and the Board may make the determination in its sole discretion.

b. Neither the Manager nor General Counsel is authorized to waive any portion of the Fees or Costs of Collections. Should the Property owner desire a waiver of such Fees and/or Costs of Collections, s/he may submit a written request to the Board and the Board may make the determination in its sole discretion.

c. Any waiver or reduction of Late Fees or Interest granted pursuant to Sections 6(a) or (b) hereof shall not be construed as a waiver or reduction of future Late Fees and Interest, or as the promise to waive or reduce future Late Fees or Interest. Nor shall any such waiver or reduction be deemed to bind, limit, or direct the future decision making power of the Board, Manager, or General Counsel, whether related to the Property in question or other properties within the District.

7. **Payment Plans:** The Manager and General Counsel each have the authority to enter into or establish payment plans for the repayment of a Delinquent Account. Should the Manager or General Counsel elect not to enter into a payment plan with the Property owner, the Property owner may submit a written request to the Board and the Board may make the determination in its sole discretion.

8. **Acceleration and Decelerations of Fees:** The District reserves the right to accelerate and call due an entire unpaid annual Fee on any delinquent account. Such acceleration shall result in the entire unpaid annual Fee being due to the District immediately. The District also reserves the right to decelerate any accelerated Fee.

9. **Ratification of Past Actions:** All acts, omissions, waivers and/or payment plans heretofore undertaken by the Manager or General Counsel that would otherwise have been authorized by or not required by this Resolution are hereby affirmed, ratified and made effective as of the date said acts, omissions, waivers and/or payment plans occurred.

10. **Additional Actions:** The Board directs its officers, staff and consultants to take such additional actions and execute such additional documents as are necessary to give full effect to the intention of this Resolution.

11. **Deviations:** The District may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

12. **Supersedes Prior Resolutions:** This Resolution shall supersede and replace in their entirety all prior resolutions addressing the processing and/or collection of Delinquent Fees and Charges, including the Prior Policy. To the extent that any term or provision in this Resolution conflicts with any term or provision in a previously enacted and valid resolution of the District, the term or provision in this Resolution shall prevail.

13. **Severability:** If any term, condition or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such term, condition or provision shall not affect any other provision contained in this Resolution, the intention being that such provisions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

14. **Savings Provision:** The failure to comply with the procedures set forth herein shall not affect the status of the Delinquent Fees and Charges as a perpetual Lien subject to foreclosure in accordance with law. Failure by the Manager, General Counsel or other authorized

representative to take any action in accordance with the guidelines provided herein shall not invalidate subsequent efforts to collect the Delinquent Fees and Charges.

*[Remainder of page intentionally left blank, signature page follows.]*



**EXHIBIT C**

**2019 Assessed Valuation**

# CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4425 - Inspiration Metro District

IN DOUGLAS COUNTY ON 11/21/2019

New Entity: No

<b>USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY</b>
--

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2019 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$31,183,840
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$48,311,840
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$48,311,840
5. NEW CONSTRUCTION: **	\$7,477,100
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND ( 29-1-301(1)(b) C.R.S.): ##	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$15,181.68

\* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

\*\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

# Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

## Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

<b>USE FOR 'TAVOR' LOCAL GROWTH CALCULATIONS ONLY</b>
---

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2019 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2019

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$508,029,608
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$104,575,037
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	\$0
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2019

Data Date: 11/21/2019



**EXHIBIT D**

**2020 Budget**



**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
www.CLAconnect.com

## **Accountant's Compilation Report**

Board of Directors  
Inspiration Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Inspiration Metropolitan District for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Inspiration Metropolitan District.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
December 2, 2019

**INSPIRATION METROPOLITAN DISTRICT  
SUMMARY  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 290,886	\$ 1,083,414	\$ 1,948,142
REVENUES			
Property taxes	1,748,141	2,059,204	3,227,037
Property taxes - regional ARI	29,148	34,303	53,723
Specific ownership taxes	185,518	203,000	295,267
Specific ownership taxes - regional ARI	3,093	-	-
Interest income	25,343	46,100	42,480
Operating fees - builders	127,263	312,495	203,056
Operating assessments	566,597	868,534	1,068,200
Developer contributions	87,500	-	-
System development fees	423,500	350,000	350,000
Reimbursed expenditures	6,383	-	-
Transfer fees	134,000	100,500	105,500
Other revenue	49,452	5,212	6,277
Total revenues	<u>3,385,938</u>	<u>3,979,348</u>	<u>5,351,540</u>
TRANSFERS IN	<u>132,896</u>	<u>375,762</u>	<u>315,000</u>
Total funds available	<u>3,809,720</u>	<u>5,438,524</u>	<u>7,614,682</u>
EXPENDITURES			
General Fund	181,872	224,842	280,000
Operations Fund	800,294	974,238	1,286,655
Debt Service Fund	1,576,268	1,465,540	3,165,300
Capital Projects Fund	34,976	450,000	55,000
Total expenditures	<u>2,593,410</u>	<u>3,114,620</u>	<u>4,786,955</u>
TRANSFERS OUT	<u>132,896</u>	<u>375,762</u>	<u>315,000</u>
Total expenditures and transfers out requiring appropriation	<u>2,726,306</u>	<u>3,490,382</u>	<u>5,101,955</u>
ENDING FUND BALANCES	<u>\$ 1,083,414</u>	<u>\$ 1,948,142</u>	<u>\$ 2,512,727</u>
EMERGENCY RESERVE - TABOR	\$ 37,800	\$ 50,300	\$ 59,500
AVAILABLE FOR OPERATIONS	364,558	331,247	642,680
OPERATING RESERVE	-	121,000	212,992
DEBT SERVICE RESERVE	641,121	1,445,595	1,597,555
CAPITAL PROJECTS RESERVE	39,935	-	-
TOTAL RESERVE	<u>\$ 1,083,414</u>	<u>\$ 1,948,142</u>	<u>\$ 2,512,727</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/19

ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
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**ASSESSED VALUATION**

Residential	\$ 13,444,920	\$ 19,356,750	\$ 32,499,890
Agricultural	3,880	2,040	1,220
State assessed	600	1,400	100
Vacant land	12,743,970	11,356,590	15,508,130
Personal property	253,080	465,950	301,390
Other	1,110	1,110	1,110
Certified Assessed Value	\$ 26,447,560	\$ 31,183,840	\$ 48,311,840

**MILL LEVY**

General	11.055	11.055	11.132
Debt Service	55.277	55.277	55.664
Contractual Obligations	1.105	1.105	1.112
Total mill levy	67.437	67.437	67.908

**PROPERTY TAXES**

General	\$ 292,377	\$ 344,737	\$ 537,807
Debt Service	1,461,942	1,723,749	2,689,230
ARI	29,225	34,458	53,723
Levied property taxes	1,783,544	2,102,944	3,280,760
Adjustments to actual/rounding	(6,255)	5,745	-
Refunds and abatements	-	(15,182)	-
Budgeted property taxes	\$ 1,777,289	\$ 2,093,507	\$ 3,280,760

**BUDGETED PROPERTY TAXES**

General	\$ 291,298	\$ 343,190	\$ 537,807
Debt Service	1,456,843	1,716,014	2,689,230
ARI	29,148	34,303	53,723
	\$ 1,777,289	\$ 2,093,507	\$ 3,280,760

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT  
GENERAL FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ (7,644)	\$ 13,000	\$ 18,048
REVENUES			
Property taxes	291,298	343,190	537,807
Specific ownership taxes	30,913	36,000	53,237
Interest income	3,951	8,700	7,000
Reimbursed expenditures	1,183	-	-
Other revenue	4,380	2,000	2,000
Total revenues	<u>331,725</u>	<u>389,890</u>	<u>600,044</u>
TRANSFERS IN			
Transfers from other funds	<u>791</u>	<u>-</u>	<u>-</u>
Total funds available	<u>324,872</u>	<u>402,890</u>	<u>618,092</u>
EXPENDITURES			
Accounting	46,747	50,000	60,000
Audit	4,800	5,000	5,150
County Treasurer's fee	4,372	5,148	8,067
Dues and licenses	1,109	5,594	500
Insurance and bonds	13,808	38,000	42,000
Legal services	104,018	120,000	130,000
Miscellaneous	4,648	1,000	1,000
Banking fees	-	100	100
Election expense	2,370	-	25,000
Contingency	-	-	8,183
Total expenditures	<u>181,872</u>	<u>224,842</u>	<u>280,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>130,000</u>	<u>160,000</u>	<u>315,000</u>
Total expenditures and transfers out requiring appropriation	<u>311,872</u>	<u>384,842</u>	<u>595,000</u>
ENDING FUND BALANCE	<u>\$ 13,000</u>	<u>\$ 18,048</u>	<u>\$ 23,092</u>
EMERGENCY RESERVE - TABOR	\$ 10,000	\$ 11,700	\$ 18,100
AVAILABLE FOR OPERATIONS	3,000	6,348	4,992
TOTAL RESERVE	<u>\$ 13,000</u>	<u>\$ 18,048</u>	<u>\$ 23,092</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT  
OPERATIONS FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 133,050	\$ 389,358	\$ 484,499
<b>REVENUES</b>			
Transfer fees	134,000	100,500	105,500
Interest income	905	400	480
Reimbursed expenditures	5,200	-	-
Other revenue	5,137	3,212	2,000
Operating fees - builders	127,263	312,495	203,056
Developer contributions	87,500	-	-
Operating assessments	566,597	868,534	1,068,200
Total revenues	<u>926,602</u>	<u>1,285,141</u>	<u>1,379,236</u>
<b>TRANSFERS IN</b>			
Transfers from other funds	<u>130,000</u>	<u>-</u>	<u>315,000</u>
Total funds available	<u>1,189,652</u>	<u>1,674,499</u>	<u>2,178,735</u>
<b>EXPENDITURES</b>			
General and administrative			
District management	26,025	29,295	38,970
Insurance and bonds	77	42	83
Licenses, fees, permits	817	1,008	604
Meeting expense	1,045	157	600
Miscellaneous	7,218	3,997	5,046
Office rental	3,600	3,600	4,836
Office supplies	1,024	2,050	2,462
Postage	2,613	2,989	7,154
Professional services	88,520	136,984	191,599
Reserve study	-	-	3,600
Social events	32,403	36,965	41,330
Storage	1,518	1,618	1,470
Uniforms	-	200	200
Web hosting	2,415	2,288	2,480
Contingency	-	4,210	-
Operations and maintenance			
Dog waste bags	-	4,000	4,000
Electricity	5,191	4,694	6,750
Equipment rental	1,836	814	-
Fence / walls	2,224	15,000	15,600
Gas	5,154	6,075	5,950
Holiday lights	7,096	-	2,260
Irrigation supplies/repairs	18,342	21,211	40,500
Landscape maintenance	292,763	283,326	367,017
Landscape supplies / repairs	7,414	41,912	105,200
Pest control	-	240	2,600
Playground inspection	530	97	1,300
Pool operations	56,579	59,780	65,700
Refuse	72,189	101,200	128,620
Refuse - clubhouse	825	490	530
Seasonal color	6,911	14,791	9,790
Snow removal	6,070	37,241	32,500
Telephone	5,140	9,264	5,904
Water	144,755	148,700	188,500
Web development	-	-	3,500
Total expenditures	<u>800,294</u>	<u>974,238</u>	<u>1,286,655</u>
<b>TRANSFERS OUT</b>			
Transfers to other funds	<u>-</u>	<u>215,762</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>800,294</u>	<u>1,190,000</u>	<u>1,286,655</u>
ENDING FUND BALANCE	<u>\$ 389,358</u>	<u>\$ 484,499</u>	<u>\$ 892,080</u>
EMERGENCY RESERVE - TABOR	\$ 27,800	\$ 38,600	\$ 41,400
OPERATING RESERVE	-	121,000	212,992
AVAILABLE FOR OPERATIONS	<u>361,558</u>	<u>324,899</u>	<u>637,688</u>
TOTAL FUND BALANCE	<u>\$ 389,358</u>	<u>\$ 484,499</u>	<u>\$ 892,080</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 127,655	\$ 641,121	\$ 1,445,595
<b>REVENUES</b>			
Property taxes	1,456,843	1,716,014	2,689,230
Property taxes - regional ARI	29,148	-	-
Specific ownership taxes	154,605	167,000	242,030
Specific ownership taxes - regional ARI	3,093	-	-
Interest income	20,440	37,000	35,000
System development fees	423,500	350,000	350,000
Other revenue	-	-	1,000
Total revenues	<u>2,087,629</u>	<u>2,270,014</u>	<u>3,317,260</u>
<b>TRANSFERS IN</b>			
Transfers from other funds	<u>2,105</u>	<u>-</u>	<u>-</u>
Total funds available	<u>2,217,389</u>	<u>2,911,135</u>	<u>4,762,855</u>
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fee	21,864	25,740	40,338
Miscellaneous	87	100	137
Paying agent fees	-	15,000	15,000
County Treasurer's fee - regional ARI	437	-	-
Regional ARI expense	43,835	-	-
Debt Service			
Series 2014A - interest	1,424,700	1,424,700	1,424,700
Series 2014B - interest	-	-	1,685,125
Series 2017D - principal	85,345	-	-
Total expenditures	<u>1,576,268</u>	<u>1,465,540</u>	<u>3,165,300</u>
Total expenditures and transfers out requiring appropriation	<u>1,576,268</u>	<u>1,465,540</u>	<u>3,165,300</u>
ENDING FUND BALANCE	<u>\$ 641,121</u>	<u>\$ 1,445,595</u>	<u>\$ 1,597,555</u>
SENIOR MAXIMUM SURPLUS AMOUNT	\$ 1,425,000	\$ 1,425,000	\$ -
2014B MAXIMUM SURPLUS AMOUNT	1,690,000	1,690,000	1,690,000
2014C MAXIMUM SURPLUS AMOUNT	2,000,000	2,000,000	2,000,000
TOTAL RESERVE	<u>\$ 5,115,000</u>	<u>\$ 5,115,000</u>	<u>\$ 3,690,000</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 37,825	\$ 39,935	\$ -
REVENUES			
Property taxes - regional ARI	-	34,303	53,723
Interest income	47	-	-
Other revenue	39,935	-	1,277
Total revenues	<u>39,982</u>	<u>34,303</u>	<u>55,000</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>375,762</u>	<u>-</u>
Total funds available	<u>77,807</u>	<u>450,000</u>	<u>55,000</u>
EXPENDITURES			
County Treasurer's fee - regional ARI	-	515	806
Contingency	-	15,697	1,277
Bond issuance costs	34,976	-	-
Channel settlement	-	400,000	-
Regional ARI expense	-	33,788	52,917
Total expenditures	<u>34,976</u>	<u>450,000</u>	<u>55,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>2,896</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>37,872</u>	<u>450,000</u>	<u>55,000</u>
ENDING FUND BALANCE	<u>\$ 39,935</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.



**INSPIRATION METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Aurora on March 4, 2002 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). On February 10, 2017, the District formally changed its name from RockingHorse Metropolitan District No. 2 to Inspiration Metropolitan District. The District's service area is located in Douglas County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

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

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.

**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 the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**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 9% of all the property taxes collected.

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.25%.

**INSPIRATION METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (Continued)**

**System Development Fees**

On October 20, 2015, the District established a one-time system development fee of \$3,500 per residential unit for the overall cost of providing amenities and facilities benefitting property and inhabitants within the District. The system development fee is calculated to defray the cost of funding Development Costs and reasonably distributes the burden in a manner based on the benefits received by persons paying and using the Facilities. The fees are payable by homebuilders at the time of issuance of a building permit.

**Assessment Fees**

The District adopted a Resolution Concerning the Imposition of an Operations Fee on October 20, 2015, which has been subsequently updated. The Board expects to raise the current Operations Fees on each residential unit and each vacant lot 2% effective January 1, 2020 to \$294 per quarter and \$147 per quarter, respectively. The District also imposes a Transfer Fee on each residential unit transfer and each vacant lot transfer of \$500.

**Expenditures**

**Administrative and Operating Expenditures**

Administrative and operating expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, utilities, landscaping, facilities management, snow plowing and other administrative expenses.

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule from the Series 2014A Senior Bonds (discussed under Debt and Leases). The debt to maturity schedule is attached.

**Debt and Leases**

Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014A ("Series 2014A") in the amount of \$20,000,651. Prior to December 1, 2016, the Bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2016 and until the maturity date of December 1, 2051 or prior redemption, the Bonds shall bear interest at the rate of 6.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2017.

**INSPIRATION METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (Continued)**

The Series 2014A bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium.

Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2014B in the amount of \$17,771,847 ("Series 2014B"). Prior to December 1, 2019, the Series 2014B bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2019 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014B bonds shall bear interest at the rate of 6.50% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2020. The Series 2014B bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium.

Junior Lien (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014C (Drawdown) in the amount up to \$9,785,000 ("Series 2014C"). The Series 2014C bonds were issued with no balance, and will "fill-up" as infrastructure costs are accepted by the District under the Facility Acquisition Agreement. On November 12, 2015 bonds in the amount of \$4,272,225 were issued (Series 2014C-1 and Series 2014C-2). Prior to December 1, 2023, the Series 2014C bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2023 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014C bonds shall bear interest at the rate of 7.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2024. The Series 2014C bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium.

Fourth Tier Limited Tax General Obligation Bonds, Series 2017D, in the amount of \$9,949,000 were issued on December 12, 2017 to finance certain public improvements. The Bonds bear interest at the rate of 7.50% per annum, until paid in full or discharged, such interest to be calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available therefore annually on each December 15, commencing on December 15, 2018. The Bonds are structured as cash flow bonds and payments will be made when funds are available, with the exception of \$82,500 which was repaid in 2018 from the first \$82,500 in Pledged revenue received by the District.

The District has no operating or capital leases.

**INSPIRATION METROPOLITAN DISTRICT  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserve Funds**

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

**This information is an integral part of the accompanying budget.**

**INSPIRATION METROPOLITAN DISTRICT**  
**SCHEDULE OF DEBT SERVICE CASH REQUIREMENTS TO MATURITY**  
**Year Ended December 31, 2018**

**\$59,455,000 (at full accretion)**

**General Obligation Refunding and Improvement Bonds**

**Series 2014A, Interest Rate of 6.00%**

**Series 2014B, Interest Rate of 6.50%**

**Series 2014C, Interest Rate of 7.00%**

**Payable June 1 and December 1**

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 3,109,825	\$ 3,109,825
2021	-	3,109,825	3,109,825
2022	-	3,109,825	3,109,825
2023	-	3,109,825	3,109,825
2024	-	3,630,275	3,630,275
2025	-	3,630,275	3,630,275
2026	170,000	3,630,275	3,800,275
2027	180,000	3,619,650	3,799,650
2028	340,000	3,608,400	3,948,400
2029	360,000	3,587,000	3,947,000
2030	540,000	3,564,350	4,104,350
2031	575,000	3,530,225	4,105,225
2032	775,000	3,493,875	4,268,875
2033	825,000	3,444,825	4,269,825
2034	1,050,000	3,392,600	4,442,600
2035	1,120,000	3,326,025	4,446,025
2036	1,365,000	3,254,975	4,619,975
2037	1,455,000	3,168,375	4,623,375
2038	1,730,000	3,076,025	4,806,025
2039	1,840,000	2,966,175	4,806,175
2040	2,150,000	2,849,325	4,999,325
2041	2,285,000	2,712,725	4,997,725
2042	2,630,000	2,567,500	5,197,500
2043	2,800,000	2,400,325	5,200,325
2044	3,185,000	2,222,275	5,407,275
2045	3,385,000	2,019,700	5,404,700
2046	3,820,000	1,804,375	5,624,375
2047	4,060,000	1,561,300	5,621,300
2048	4,545,000	1,302,950	5,847,950
2049	4,830,000	1,013,650	5,843,650
2050	5,370,000	706,200	6,076,200
2051	5,720,000	364,300	6,084,300
	<u>\$ 57,105,000</u>	<u>\$ 90,311,950</u>	<u>\$ 147,416,950</u>

This supplementary information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**EXHIBIT E**

**2018 Audit and 2019 Audit**

**INSPIRATION METROPOLITAN  
DISTRICT  
Douglas, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2018**

**INSPIRATION METROPOLITAN DISTRICT  
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**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

## **Report of Independent Certified Public Accountants**

To the Board of Directors  
Inspiration Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of Inspiration Metropolitan District as of and for the year ended December 31, 2018 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 and the major funds of Inspiration Metropolitan District, as of December 31, 2018 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.

## **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 Inspiration 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  
June 28, 2019

## **BASIC FINANCIAL STATEMENTS**

**INSPIRATION METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 477,847
Cash and Investments - Restricted	699,940
Property Taxes Receivable	2,102,944
Receivable from County Treasurer	18,046
Accounts Receivable	50,215
Prepaid Expenses	33,394
Capital Assets, Net	2,392,248
Total Assets	5,774,634
<b>LIABILITIES</b>	
Accounts Payable	49,504
Prepaid Assessments	146,524
Accrued Interest Payable	118,725
Noncurrent Liabilities:	
Due in More Than One Year	64,875,692
Total Liabilities	65,190,445
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	2,102,944
Total Deferred Inflows of Resources	2,102,944
<b>NET POSITION</b>	
Net Investment in Capital Assets	37,138
Restricted For:	
Emergency Reserves	37,800
Unrestricted	(61,593,693)
Total Net Position	\$ (61,518,755)

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenue (Expense) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Government Activities:					
General Government	\$ 1,098,544	\$ 693,860	\$ 221,500	\$ -	\$ (183,184)
Interest and Related Costs on Long-Term Debt	4,271,300	-	423,500	-	(3,847,800)
Public Works - Transfer of Public Improvements to Other Governments	38,773,812	-	-	-	(38,773,812)
Total Governmental Activities	<u>\$ 44,143,656</u>	<u>\$ 693,860</u>	<u>\$ 645,000</u>	<u>\$ -</u>	(42,804,796)
<b>GENERAL REVENUES</b>					
Property Taxes					1,748,141
Property Taxes - Regional ARI					29,148
Specific Ownership Taxes					185,518
Specific Ownership Taxes - Regional ARI					3,093
Net Investment Income					25,343
Other Revenue					55,835
Total General Revenues					2,047,078
<b>CHANGE IN NET POSITION</b>					(40,757,718)
Net Position - Beginning of Year					(20,761,037)
<b>NET POSITION - END OF YEAR</b>					<u>\$ (61,518,755)</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 136,861	\$ 340,986	\$ -	\$ -	\$ 477,847
Cash and Investments - Restricted	10,000	27,800	622,205	39,935	699,940
Property Taxes Receivable	344,737	-	1,723,749	34,458	2,102,944
Receivable from County Treasurer	2,958	-	15,088	-	18,046
Due from Other Funds	-	149,944	-	-	149,944
Accounts Receivable	-	46,387	3,828	-	50,215
Prepaid Expenses	32,186	1,208	-	-	33,394
	<u>\$ 526,742</u>	<u>\$ 566,325</u>	<u>\$ 2,364,870</u>	<u>\$ 74,393</u>	<u>\$ 3,532,330</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 19,061	\$ 30,443	\$ -	\$ -	\$ 49,504
Due to Other Funds	149,944	-	-	-	149,944
Prepaid Assessments	-	146,524	-	-	146,524
Total Liabilities	<u>169,005</u>	<u>176,967</u>	<u>-</u>	<u>-</u>	<u>345,972</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Tax Revenue	344,737	-	1,723,749	34,458	2,102,944
Total Deferred Inflows of Resources	<u>344,737</u>	<u>-</u>	<u>1,723,749</u>	<u>34,458</u>	<u>2,102,944</u>
<b>FUND BALANCES</b>					
Nonspendable	32,186	1,208	-	-	33,394
Restricted For:					
Emergency Reserves	10,000	27,800	-	-	37,800
Debt Service	-	-	641,121	-	641,121
Committed For:					
Regional Improvements	-	-	-	39,935	39,935
Assigned for Subsequent Year	11,789	-	-	-	11,789
Unassigned	(40,975)	360,350	-	-	319,375
Total Fund Balances	<u>13,000</u>	<u>389,358</u>	<u>641,121</u>	<u>39,935</u>	<u>1,083,414</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 526,742</u>	<u>\$ 566,325</u>	<u>\$ 2,364,870</u>	<u>\$ 74,393</u>	

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 as assets in the funds.

Capital Assets Net of Accumulated Depreciation	2,392,248
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Bonds Payable	(63,283,174)
Accrued Interest on Bonds Payable	(788,064)
Developer Advance Payable	(745,949)
Accrued Interest on Developer Advance Payable	(58,505)
Accrued Interest Payable	(118,725)

Net Position of Governmental Activities	<u>\$ (61,518,755)</u>
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See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 291,298	\$ -	\$ 1,456,843	\$ -	\$ 1,748,141
Property Taxes - Regional ARI	-	-	29,148	-	29,148
Specific Ownership Taxes	30,913	-	154,605	-	185,518
Specific Ownership Taxes - Regional ARI	-	-	3,093	-	3,093
Operation Fees - Builders	-	127,263	-	-	127,263
Operation Fees	-	566,597	-	-	566,597
Transfer Fees	-	134,000	-	-	134,000
Development Fees	-	-	423,500	-	423,500
Developer Contributions	-	87,500	-	-	87,500
Other Revenue	4,380	5,137	-	39,935	49,452
Reimbursed Expenditures	1,183	5,200	-	-	6,383
Net Investment Income	3,951	905	20,440	47	25,343
Total Revenues	<u>331,725</u>	<u>926,602</u>	<u>2,087,629</u>	<u>39,982</u>	<u>3,385,938</u>
<b>EXPENDITURES</b>					
General and Administration	181,872	164,940	87	-	346,899
Operations and Maintenance	-	635,354	-	-	635,354
Debt Service:					
Bond Interest - Series 2014	-	-	1,424,700	-	1,424,700
Bond Interest - Series 2017D	-	-	85,345	-	85,345
County Treasurer's Fees	-	-	21,864	-	21,864
County Treasurer's Fees - Regional ARI	-	-	437	-	437
Regional ARI Expense	-	-	43,835	-	43,835
Bond Issuance Costs	-	-	-	34,976	34,976
Total Expenditures	<u>181,872</u>	<u>800,294</u>	<u>1,576,268</u>	<u>34,976</u>	<u>2,593,410</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	149,853	126,308	511,361	5,006	792,528
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	791	130,000	2,105	-	132,896
Transfers Out	(130,000)	-	-	(2,896)	(132,896)
Total Other Financing Sources (Uses)	<u>(129,209)</u>	<u>130,000</u>	<u>2,105</u>	<u>(2,896)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>					
	20,644	256,308	513,466	2,110	792,528
Fund Balances - Beginning of Year	<u>(7,644)</u>	<u>133,050</u>	<u>127,655</u>	<u>37,825</u>	<u>290,886</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 13,000</u>	<u>\$ 389,358</u>	<u>\$ 641,121</u>	<u>\$ 39,935</u>	<u>\$ 1,083,414</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Governmental Funds \$ 792,528

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

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

Public Works - Transfer of Public Improvement to Other Governments	(38,773,812)
Depreciation	(116,291)

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 on Bonds - Change in Liability	(2,645,237)
Accrued Interest on Developer Advance - Change in Liability	(52,215)
Accrued Interest Payable - Change in Liability	<u>37,309</u>

Changes in Net Position of Governmental Activities \$ (40,757,718)



**INSPIRATION METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 292,378	\$ 291,298	\$ (1,080)
Specific Ownership Taxes	29,240	30,913	1,673
Other Revenue	1,000	4,380	3,380
Reimbursed Expenditures	-	1,183	1,183
Net Investment Income	1,200	3,951	2,751
Total Revenues	<u>323,818</u>	<u>331,725</u>	<u>7,907</u>
<b>EXPENDITURES</b>			
General and Administration:			
Accounting	25,000	46,747	(21,747)
Audit	4,500	4,800	(300)
Banking Fees	200	-	200
Contingency	2,914	-	2,914
County Treasurer's Fees	4,386	4,372	14
Dues and License	1,000	1,109	(109)
Election Expense	25,000	2,370	22,630
Insurance	25,000	13,808	11,192
Legal	75,000	104,018	(29,018)
Miscellaneous	1,000	4,648	(3,648)
Total Expenditures	<u>164,000</u>	<u>181,872</u>	<u>(17,872)</u>
<b>NET CHANGE IN FUND BALANCES</b>	159,818	149,853	(9,965)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	791	791
Transfers Out	(159,000)	(130,000)	29,000
Total Other Financing Sources (Uses)	<u>(159,000)</u>	<u>(129,209)</u>	<u>29,791</u>
<b>NET CHANGE IN FUND BALANCES</b>	818	20,644	19,826
Fund Balances - Beginning of Year	<u>9,105</u>	<u>(7,644)</u>	<u>(16,749)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 9,923</u>	<u>\$ 13,000</u>	<u>\$ 3,077</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Operation Fees - Builders	\$ 151,914	\$ 127,263	\$ (24,651)
Operation Fees	498,708	566,597	67,889
Transfer Fees	81,085	134,000	52,915
Developer Contribution	-	87,500	87,500
Other Revenue	-	5,137	5,137
Reimbursed Expenditures	-	5,200	5,200
Net Investment Income	-	905	905
Total Revenues	<u>731,707</u>	<u>926,602</u>	<u>194,895</u>
<b>EXPENDITURES</b>			
General and Administration:			
District Management	28,662	26,025	2,637
General Administration	-	2,367	(2,367)
Insurance and Bonds	-	77	(77)
Meeting Expense	800	1,045	(245)
Miscellaneous	600	4,851	(4,251)
Office Rental	3,600	3,600	-
Office Supplies	900	1,024	(124)
Postage, Printing, Copies	3,827	2,613	1,214
Professional Services	99,920	88,520	11,400
Social Events	25,350	32,403	(7,053)
Uniforms	400	-	400
Web Hosting	4,080	2,415	1,665
Operations and Maintenance:			
Dog Waste Bags	1,200	-	1,200
Electricity	12,400	5,191	7,209
Equipment Rental	-	1,836	(1,836)
Fence/Walls	10,000	2,224	7,776
Gas	4,700	5,154	(454)
Holiday Lights	6,000	7,096	(1,096)
Irrigation Supplies/Repairs	16,000	18,342	(2,342)
Landscape Maintenance	250,000	292,763	(42,763)
Landscape Supplies/Repairs	4,904	7,414	(2,510)
Licenses, Fees, Permits	-	817	(817)
Pest Control	480	-	480
Playground Inspection	1,800	530	1,270
Pool Operations	56,900	56,579	321
Refuse	66,333	73,014	(6,681)
Seasonal Color	7,000	6,911	89
Snow Removal	15,000	6,070	8,930
Storage	1,010	1,518	(508)
Storm Drainage	55,000	-	55,000
Telephone	3,840	5,140	(1,300)
Water	210,000	144,755	65,245
Total Expenditures	<u>890,706</u>	<u>800,294</u>	<u>90,412</u>
<b>NET CHANGE IN FUND BALANCES</b>	(158,999)	126,308	285,307
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>159,000</u>	<u>130,000</u>	<u>(29,000)</u>
Total Other Financing Sources (Uses)	<u>159,000</u>	<u>130,000</u>	<u>(29,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	1	256,308	256,307
Fund Balances - Beginning of Year	<u>125,120</u>	<u>133,050</u>	<u>7,930</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 125,121</u>	<u>\$ 389,358</u>	<u>\$ 264,237</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Inspiration Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Douglas County entered on May 30, 2002 and recorded on June 7, 2002 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). On February 10, 2017, the District formally changed its name from RockingHorse Metropolitan District No. 2 to Inspiration Metropolitan District. The District's service area is located in the City of Aurora, Douglas County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, traffic and safety controls, park and recreation, limited fire protection, transportation, limited television relay and translation, and mosquito control improvements and 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. Governmental activities are normally supported by taxes and inter-governmental revenues.

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

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with the operation and maintenance of District owned public facilities.

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.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2018.

**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.

**Interfund Balances**

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide 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 inflows 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.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Capital Assets**

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful life of 30 years for the pool and clubhouse.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Operations Fees**

Effective May 1, 2016, the District adopted a Resolution Concerning the Imposition of an Operations Fee (Fee Resolution), which imposes: 1) an Operations Fee on each Residential Unit at a rate of \$84 per month; 2) an Operations Fee on each Vacant Lot at a rate of \$42 per month; 3) a Transfer fee on each Residential Unit transfer of \$500; and 4) a Transfer fee on each Vacant Lot transfer of \$500.

On November 5, 2018, the District adopted an amendment to the Fee Resolution, effective January 1, 2019, imposing: 1) an Operations Fee on each Residential Unit at a rate of \$288 per quarter; 2) an Operations Fee on each Vacant Lot at a rate of \$144 per quarter; 3) a Transfer fee on each Residential Unit transfer of \$500; and 4) a Transfer fee on each Vacant Lot transfer of \$500.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Operations Fees (Continued)**

On July 16, 2010 and Amended and Restated by 2016 Resolution on July 26, 2016, the Board of Directors of the Districts adopted a Joint Resolution Concerning District Fees for the Use of District Recreational Facilities by Nonresidents and Nonproperty Owners. Persons not residing or owning property within the legal boundaries of the District, as may be amended from time to time (the Outside Users), shall be entitled to utilize the RockingHorse tennis courts (the Recreation Amenities) in accordance with, and to the extent set forth within the resolution and the rules and regulations of the Districts. The annual Outside User fee is \$1,400 per year.

**Development Fees**

On October 20, 2015, the District established a one-time Development Fee of \$3,500 per residential unit for the overall cost of providing amenities and facilities benefitting property and inhabitants within the District. The Development Fee is calculated to defray the cost of funding Development Costs and reasonably distributes the burden in a manner based on the benefits received by persons paying the fees and using the Facilities. The fees are payable by homebuilders at the time of issuance of a building permit.

**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.

**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.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Equity (Continued)**

**Fund Balance (Continued)**

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 477,847
Cash and Investments - Restricted	699,940
Total Cash and Investments	<u>\$ 1,177,787</u>

Cash and investments as of December 31, 2018 consist of the following:

Deposits with Financial Institutions	\$ 368,786
Investments	809,001
Total Cash and Investments	<u>\$ 1,177,787</u>

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2018, the District’s cash deposits had a bank balance of \$377,937 and a carrying balance of \$368,786.



**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 600
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	808,401
		<u>\$ 809,001</u>

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**CSAFE**

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

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance - December 31, 2017	Increases	Decreases	Balance - December 31, 2018
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 41,282,351	\$ -	\$ 41,282,351	\$ -
Landscape improvements	-	764,181	-	764,181
Total Capital Assets, Not Being Depreciated	41,282,351	764,181	41,282,351	764,181
Capital Assets, Being Depreciated:				
Pool and clubhouse	-	1,744,358	-	1,744,358
Less Accumulated Depreciation For:				
Pool and clubhouse	-	116,291	-	116,291
Total Capital Assets, Being Depreciated, Net	-	1,628,067	-	1,628,067
Capital Assets, Net	<u>\$ 41,282,351</u>	<u>\$ 2,392,248</u>	<u>\$ 41,282,351</u>	<u>\$ 2,392,248</u>

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018.

	Balance - December 31, 2017	Additions	Reductions	Compounding of Unpaid Interest	Balance - December 31, 2018	Due Within One Year
<b>Governmental Activities:</b>						
General Obligation						
Bonds Payable:						
Series 2014A	\$ 23,745,000	\$ -	\$ -	\$ -	\$ 23,745,000	\$ -
Series 2014B	22,811,667	1,506,761	-	-	24,318,428	-
Series 2014C	4,920,334	350,412	-	-	5,270,746	-
Series 2017D	9,949,000	-	-	-	9,949,000	-
Accrued Interest on 2017D	-	785,556	-	2,508	788,064	-
Developer Advance - Operations	53,970	-	-	-	53,970	-
Interest on Developer Advance - Operations	3,768	3,777	-	-	7,545	-
Developer Advance - Capital	691,979	-	-	-	691,979	-
Interest on Developer Advance - Capital	2,522	48,438	-	-	50,960	-
Total Long-Term Liabilities	<u>\$ 62,178,240</u>	<u>\$ 2,694,944</u>	<u>\$ -</u>	<u>\$ 2,508</u>	<u>\$ 64,875,692</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

**Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014A** (Series 2014A) in the original principal amount of \$20,000,650 with an accreted value of \$23,745,000 at current interest conversion date. Prior to December 1, 2016, the Bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, beginning June 1, 2014. On December 1, 2016 and until the maturity date of December 1, 2051 or prior redemption, the Bonds shall bear interest at the rate of 6.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2017. The Series 2014A bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2014B** (Series 2014B) in the original principal amount of \$17,771,846.75 with an accreted value of \$25,925,000 at current interest conversion date. Prior to December 1, 2019, the Series 2014B bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2019 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014B bonds shall bear interest at the rate of 6.50% per annum, calculated on the basis of a 360- day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi- annually, on each June 1 and December 1, commencing June 1, 2020. The Series 2014B bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.

**\$9,785,000 Junior Lien (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Bonds, Series 2014C (Drawdown)** (Series 2014C) The Series 2014C bonds were issued with no balance, and will “fill-up” as infrastructure costs are accepted by the District under the Facility Acquisition Agreement. On November 12, 2015 bonds in the amount of \$4,272,225 with an accreted value of \$7,435,000 at current interest conversion date, were issued (Series 2014C-1 and Series 2014C-2). Permitted Draws shall be issued solely for the purpose of paying amounts then due and payable by the District under the 2014 Reimbursement Agreement and for no other purpose. No additional Permitted Draws and additional Bonds shall be delivered after January 1, 2017. Prior to December 1, 2023, the Series 2014C bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2023 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014C bonds shall bear interest at the rate of 7.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2024. The Series 2014C bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**\$9,949,000 Fourth Tier Limited Tax General Obligation Bonds, Series 2017D, dated December 12, 2017** to finance certain public improvements. The Bonds bear interest at the rate of 7.50% per annum, until paid in full or discharged, such interest to be calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available therefor annually on each December 15, commencing on December 15, 2018. The Bonds mature December 15, 2051. The Bonds are structured as cash flow bonds and payments will be made when funds are available after payment of the 2014 Bonds, with the exception of \$82,500 which is to be repaid in 2018 from the first \$82,500 in Pledged revenue received by the District. As such, a debt to maturity schedule is not presented as the timing of payments is unknown. The Series 2017D bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees.

**Developer Advances** see Note 8.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 1,424,700	\$ 1,424,700
2020	-	3,109,825	3,109,825
2021	-	3,109,825	3,109,825
2022	-	3,109,825	3,109,825
2023	-	3,109,825	3,109,825
2024 - 2028	690,000	18,118,875	18,808,875
2029 - 2033	3,075,000	17,620,275	20,695,275
2034 - 2038	6,720,000	16,218,000	22,938,000
2039 - 2043	11,705,000	13,496,050	25,201,050
2044 - 2048	18,995,000	8,910,600	27,905,600
2049 - 2052	15,920,000	2,084,150	18,004,150
Total	<u>\$ 57,105,000</u>	<u>\$ 90,311,950</u>	<u>\$ 147,416,950</u>

**Authorized Debt**

As of December 31, 2018, the District has \$1,110,856,310 in remaining authorization for capital improvements and \$232,220,503 in remaining voter authorization for refundings. The District's service plan, as approved by the City, allows for a total debt amount of \$119,700,000 when combined with RockingHorse Metropolitan District No. 1 (District No. 1).

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 2,392,248
Noncurrent Portion of Long-Term Obligations	<u>(2,355,110)</u>
Net Investment in Capital Assets	<u><u>\$ 37,138</u></u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2018 as follows:

Emergency Reserves	<u>\$ 37,800</u>
Total	<u><u>\$ 37,800</u></u>

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**NOTE 7 RELATED PARTY**

The Developer of the property which constitutes the District is Nash Inspiration, LLC. Some members of the Board of Directors are employees, owners or are otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 8 AGREEMENTS**

**Intergovernmental Agreement with the City of Aurora**

On December 21, 2004, the District and District No. 1 (collectively, the Districts) entered into the Intergovernmental Agreement between the City of Aurora and the Districts (the IGA). The IGA defines and clarifies the services which the Districts may provide, as well as those services which the Districts are prohibited from providing. The IGA was amended and restated on May 21, 2018 to allow the District to own, operate, and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity. Pursuant to the Consolidated Service Plan, the Districts are required to impose the Aurora Regional Improvement (ARI) Mill Levy upon the Districts' residents. This mill levy is 1.000 mill for 20 years, which for this purpose begins the first year that the Districts certify a debt service mill levy. The levy increases to 5.000 mills for years 21 through 40 or the date of repayment of the debt incurred for public improvements, other than regional improvements, whichever occurs first. For the 10 years subsequent to the period where the 5.000 mills is imposed, the ARI mill levy is the average of the debt service mill levy for the previous 10 years.

**South Aurora Regional Improvement Authority**

On February 7, 2018, the District entered into the South Aurora Regional Improvement Authority (SARIA) Establishment Agreement (SARIA Agreement) with the City. The Authority was formed to provide functions and services necessary to acquire, construct, finance, maintain, and manage certain regional improvements that are identified and agreed upon by the City and the member districts.

The SARIA Agreement provides that SARIA may adopt an ARI master plan, pursuant to the Code and Service Plans of the districts. SARIA will prioritize and support the completion of the regional improvements as identified in the ARI Master Plan. In order to fund these projects, SARIA may issue revenue bonds or other multi-fiscal year financial obligations, subject to its sole discretion, secured by the pledged revenues of the ARI Mill Levies by each of the districts and other funds legally available to SARIA.

SARIA adopted ARI Master Plan Number One on December 8, 2017, however no action has been taken to implement ARI Master Plan Number One. On June 15, 2018, the Authority adopted ARI Master Plan Number Two which replaces ARI Master Plan Number One and constitutes the Authority's current plan for Regional Improvements.

ARI Master Plan Number Two identifies \$62,200,000 of Regional Improvements Pursuant to ARI Master Plan Number Two, the Authority is responsible for providing financing for only a portion of these improvements. The remaining costs are planned to be paid by the City, the County, and/or certain Member Districts and developers, depending upon the particular improvement.

On October 2, 2018, the SARIA Agreement was amended by the First Amendment to the South Aurora Regional Improvement Authority Establishment Agreement (First Amendment) in conjunction with the issuance of SARIA's Special Revenue Bonds, Series 2018 (SARIA Bonds). SARIA issued its SARIA Bonds in the amount of \$11,265,000 on December 19, 2018. The District is obligated to pledge its ARI Mill Levy Revenues to the repayment of the SARIA Bonds pursuant to the terms of the SARIA Agreement and the First Amendment.



**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Developer Advances**

The District has entered into Funding and Reimbursement Agreement(s) with the Developer as follows:

**Funding and Reimbursement Agreement**

On July 21, 2015, the District and Nash Inspiration, LLC (Developer) entered into a Funding and Reimbursement Agreement whereby the Developer agreed to loan up to \$100,000 per year for operations through December 31, 2015, and the District agreed to repay developer for funds advanced plus accrued interest at 7% per annum. This agreement was subsequently extended for 2016 and 2017. Effective January 1, 2017, the Maximum Loan Amount was increased to \$200,000. As of December 31, 2018, outstanding advances under the agreement totaled \$53,970 and accrued interest of \$7,545.

**Infrastructure Acquisition and Reimbursement Agreement**

The District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement dated May 23, 2016 (the Acquisition and Reimbursement Agreement), whereby the Developer agreed to construct recreational amenities such as a pool and clubhouse (the Recreation Amenities) and the District agreed to Acquire the Recreation Amenities. The District agrees to reimburse the Developer for all District eligible costs approved under this Agreement with an interest rate of 7% per annum.

A balance of \$691,979 in principal and \$50,960 of accrued interest remains outstanding as of December 31, 2018.

The District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement dated July 6, 2017 (the Acquisition and Reimbursement Agreement), whereby the Developer agreed to advance funds to the District for construction of Public Infrastructure (as defined therein) and/or construct Public Infrastructure for acquisition or payment by the District. The District agrees to: (i) reimburse the Developer for all District eligible costs for which the District receives advances; (ii) acquire any Public Infrastructure constructed for the benefit of the District from the Developer that is not being dedicated to other governmental entities and to pay all reasonable costs related thereto; and (iii) to reimburse the Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties, subject to the requirements of the agreement.

Under the Acquisition and Reimbursement Agreement, the District agrees to reimburse all District eligible costs of the Developer in financing, constructing or installing such Public Infrastructure together with interest thereon at the rate of 8% per annum, accruing from the date the Developer deposits immediately available funds, has paid or advanced funds not otherwise directly attributed to a particular Public Infrastructure improvement or component part of, or the District has received a Cost Certification.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 9 INTERFUND AND OPERATING TRANSFERS**

The transfer from the General Fund to the Special Revenue Fund was related to the use of General Fund excess revenue over expenditures to help fund operations. The transfer from the Capital Projects Fund to the General Fund and the Debt Service Fund was the result of the use of remaining bond proceeds for future debt service.

**NOTE 10 RISK MANAGEMENT**

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

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

The District pays annual premiums to the Pool for [property 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 11 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.

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.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

On November 2, 2004, 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.

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 [and qualification as an Enterprise] will require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**INSPIRATION METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,461,942	\$ 1,461,942	\$ 1,456,843	\$ (5,099)
Property Taxes - Regional ARI	29,225	29,225	29,148	(77)
Specific Ownership Taxes	146,190	146,190	154,605	8,415
Specific Ownership Taxes - Regional ARI	2,920	2,920	3,093	173
Development Fees	700,000	700,000	423,500	(276,500)
Other Revenue	1,000	1,000	-	(1,000)
Net Investment Income	11,058	11,058	20,440	9,382
Total Revenues	<u>2,352,335</u>	<u>2,352,335</u>	<u>2,087,629</u>	<u>(264,706)</u>
<b>EXPENDITURES</b>				
Bond Interest - Series 2014	1,424,700	1,424,700	1,424,700	-
Bond Interest - Series 2017D	-	82,500	85,345	(2,845)
Contingency	-	3,992	-	3,992
County Treasurer's Fees	19,836	19,836	21,864	(2,028)
County Treasurer's Fees - Regional ARI	397	397	437	(40)
Miscellaneous	-	-	87	(87)
Paying Agent Fees	15,000	-	-	-
Regional ARI Expense	-	48,575	43,835	4,740
Total Expenditures	<u>1,459,933</u>	<u>1,580,000</u>	<u>1,576,268</u>	<u>3,732</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	892,402	772,335	511,361	(260,974)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	2,105	2,105	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,105</u>	<u>2,105</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	892,402	774,440	513,466	(260,974)
Fund Balances - Beginning of Year	<u>73,790</u>	<u>73,790</u>	<u>127,655</u>	<u>53,865</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 966,192</u>	<u>\$ 848,230</u>	<u>\$ 641,121</u>	<u>\$ (207,109)</u>

**INSPIRATION METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other Revenue	\$ -	\$ -	\$ 39,935	\$ 39,935
Net Investment Income	-	175	47	(128)
Total Revenues	<u>-</u>	<u>175</u>	<u>39,982</u>	<u>39,807</u>
<b>EXPENDITURES</b>				
Bond Issue Costs	-	34,976	34,976	-
Capital Outlay	791	-	-	-
Contingency	-	919	-	919
Total Expenditures	<u>791</u>	<u>35,895</u>	<u>34,976</u>	<u>919</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(791)	(35,720)	5,006	40,726
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	-	(2,105)	(2,896)	(791)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,105)</u>	<u>(2,896)</u>	<u>(791)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(791)	(37,825)	2,110	39,935
Fund Balances - Beginning of Year	<u>791</u>	<u>37,825</u>	<u>37,825</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,935</u></u>	<u><u>\$ 39,935</u></u>

## **OTHER INFORMATION**

**INSPIRATION METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2018**

Year Ending December 31,	\$23,745,000 (at Full Accretion) Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds Series 2014A, Interest Rate of 6.00% Payable June 1 and December 1 Principal Due December 1			\$25,925,000 (at Full Accretion) Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds Series 2014B, Interest Rate of 6.50% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ -	\$ 1,424,700	\$ 1,424,700	\$ -	\$ -	\$ -
2020	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2021	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2022	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2023	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2024	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2025	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2026	95,000	1,424,700	1,519,700	65,000	1,685,125	1,750,125
2027	100,000	1,419,000	1,519,000	70,000	1,680,900	1,750,900
2028	170,000	1,413,000	1,583,000	140,000	1,676,350	1,816,350
2029	180,000	1,402,800	1,582,800	150,000	1,667,250	1,817,250
2030	250,000	1,392,000	1,642,000	235,000	1,657,500	1,892,500
2031	265,000	1,377,000	1,642,000	250,000	1,642,225	1,892,225
2032	350,000	1,361,100	1,711,100	340,000	1,625,975	1,965,975
2033	370,000	1,340,100	1,710,100	365,000	1,603,875	1,968,875
2034	460,000	1,317,900	1,777,900	465,000	1,580,150	2,045,150
2035	485,000	1,290,300	1,775,300	500,000	1,549,925	2,049,925
2036	590,000	1,261,200	1,851,200	610,000	1,517,425	2,127,425
2037	625,000	1,225,800	1,850,800	650,000	1,477,775	2,127,775
2038	735,000	1,188,300	1,923,300	780,000	1,435,525	2,215,525
2039	780,000	1,144,200	1,924,200	830,000	1,384,825	2,214,825
2040	905,000	1,097,400	2,002,400	970,000	1,330,875	2,300,875
2041	955,000	1,043,100	1,998,100	1,035,000	1,267,825	2,302,825
2042	1,095,000	985,800	2,080,800	1,195,000	1,200,550	2,395,550
2043	1,160,000	920,100	2,080,100	1,270,000	1,122,875	2,392,875
2044	1,310,000	850,500	2,160,500	1,455,000	1,040,325	2,495,325
2045	1,390,000	771,900	2,161,900	1,545,000	945,750	2,490,750
2046	1,560,000	688,500	2,248,500	1,745,000	845,325	2,590,325
2047	1,655,000	594,900	2,249,900	1,860,000	731,900	2,591,900
2048	1,845,000	495,600	2,340,600	2,080,000	611,000	2,691,000
2049	1,955,000	384,900	2,339,900	2,220,000	475,800	2,695,800
2050	2,165,000	267,600	2,432,600	2,470,000	331,500	2,801,500
2051	2,295,000	137,700	2,432,700	2,630,000	170,950	2,800,950
<b>Total</b>	<b>\$ 23,745,000</b>	<b>\$ 36,768,300</b>	<b>\$ 60,513,300</b>	<b>\$ 25,925,000</b>	<b>\$ 42,370,250</b>	<b>\$ 68,295,250</b>



**INSPIRATION METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)  
DECEMBER 31, 2018**

\$7,435,000 (at Full Accretion)  
Junior Lien (Convertible to Senior)  
Limited Tax (Convertible to Unlimited Tax)  
General Obligation Convertible Capital Appreciation  
Series 2014C, Interest Rate of 7.00%  
Payable June 1 and December 1  
Principal Due December 1

Principal	Interest	Total	Principal	Interest	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,424,700	\$ 1,424,700
-	-	-	-	3,109,825	3,109,825
-	-	-	-	3,109,825	3,109,825
-	-	-	-	3,109,825	3,109,825
-	-	-	-	3,109,825	3,109,825
-	520,450	520,450	-	3,630,275	3,630,275
-	520,450	520,450	-	3,630,275	3,630,275
10,000	520,450	530,450	170,000	3,630,275	3,800,275
10,000	519,750	529,750	180,000	3,619,650	3,799,650
30,000	519,050	549,050	340,000	3,608,400	3,948,400
30,000	516,950	546,950	360,000	3,587,000	3,947,000
55,000	514,850	569,850	540,000	3,564,350	4,104,350
60,000	511,000	571,000	575,000	3,530,225	4,105,225
85,000	506,800	591,800	775,000	3,493,875	4,268,875
90,000	500,850	590,850	825,000	3,444,825	4,269,825
125,000	494,550	619,550	1,050,000	3,392,600	4,442,600
135,000	485,800	620,800	1,120,000	3,326,025	4,446,025
165,000	476,350	641,350	1,365,000	3,254,975	4,619,975
180,000	464,800	644,800	1,455,000	3,168,375	4,623,375
215,000	452,200	667,200	1,730,000	3,076,025	4,806,025
230,000	437,150	667,150	1,840,000	2,966,175	4,806,175
275,000	421,050	696,050	2,150,000	2,849,325	4,999,325
295,000	401,800	696,800	2,285,000	2,712,725	4,997,725
340,000	381,150	721,150	2,630,000	2,567,500	5,197,500
370,000	357,350	727,350	2,800,000	2,400,325	5,200,325
420,000	331,450	751,450	3,185,000	2,222,275	5,407,275
450,000	302,050	752,050	3,385,000	2,019,700	5,404,700
515,000	270,550	785,550	3,820,000	1,804,375	5,624,375
545,000	234,500	779,500	4,060,000	1,561,300	5,621,300
620,000	196,350	816,350	4,545,000	1,302,950	5,847,950
655,000	152,950	807,950	4,830,000	1,013,650	5,843,650
735,000	107,100	842,100	5,370,000	706,200	6,076,200
795,000	55,650	850,650	5,720,000	364,300	6,084,300
<u>\$ 7,435,000</u>	<u>\$ 11,173,400</u>	<u>\$ 18,608,400</u>	<u>\$ 57,105,000</u>	<u>\$ 90,311,950</u>	<u>\$ 147,416,950</u>

**INSPIRATION METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2018**

Year Ended December 31	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied for			Total Property Taxes		Percent Collected to Levied
		General	Debt Service	ARI	Levied	Collected	
2013	\$ 4,988,780	10.000	50.000	1.000	\$ 304,316	\$ 222,615	73.15 %
2014	7,192,357	10.000	50.000	1.000	438,734	312,486	71.22
2015	8,732,230	10.000	50.000	1.000	532,666	532,725	100.01
2016	11,691,450	10.000	50.000	1.000	713,178	713,179	100.00
2017	15,921,760	10.000	50.000	1.000	971,227	936,308	96.40
2018	26,447,560	11.055	55.277	1.105	1,783,545	1,777,289	99.65
Estimated 2019	\$ 31,183,840	11.055	55.277	1.105	\$ 2,102,944		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

**INSPIRATION METROPOLITAN  
DISTRICT  
Douglas, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2019**

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## Report of Independent Certified Public Accountants

To the Board of Directors  
Inspiration Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of Inspiration Metropolitan District as of and for the year ended December 31, 2019 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 and the major funds of Inspiration Metropolitan District, as of December 31, 2019 and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

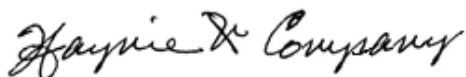
### *Required Supplementary Information*

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 Inspiration 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  
June 9, 2020

## **BASIC FINANCIAL STATEMENTS**

**INSPIRATION METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 523,414
Cash and Investments - Restricted	2,033,483
Property Taxes Receivable	3,280,760
Receivable from County Treasurer	19,120
Accounts Receivable	46,391
Prepaid Expenses	29,757
Capital Assets, Net	4,477,035
Total Assets	10,409,960
<b>LIABILITIES</b>	
Accounts Payable	125,258
Prepaid Assessments	167,954
Accrued Interest Payable	259,152
Noncurrent Liabilities:	
Due in More Than One Year	67,715,227
Total Liabilities	68,267,591
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	3,280,760
Total Deferred Inflows of Resources	3,280,760
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,496,692
Restricted For:	
Emergency Reserves	53,900
Unrestricted	(63,688,983)
Total Net Position	\$ (61,138,391)

See accompanying Notes to Basic Financial Statements.



**INSPIRATION METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenue (Expense) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Government Activities:					
General Government	\$ 2,343,273	\$ 1,140,658	\$ 125,500	\$ 3,022,097	\$ 1,944,982
Interest and Related Costs on Long-Term Debt	4,440,439	-	385,000	-	(4,055,439)
Total Governmental Activities	\$ 6,783,712	\$ 1,140,658	\$ 510,500	\$ 3,022,097	(2,110,457)
<b>GENERAL REVENUES</b>					
Property Taxes					2,093,508
Specific Ownership Taxes					210,925
Net Investment Income					47,666
Other Revenue					138,722
Total General Revenues					2,490,821
<b>CHANGE IN NET POSITION</b>					380,364
Net Position - Beginning of Year					(61,518,755)
<b>NET POSITION - END OF YEAR</b>					\$ (61,138,391)

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 159,129	\$ 364,285	\$ -	\$ -	\$ 523,414
Cash and Investments - Restricted	146,800	274,589	1,473,316	138,778	2,033,483
Property Taxes Receivable	537,807	-	2,689,230	53,723	3,280,760
Receivable from County Treasurer	3,448	-	15,672	-	19,120
Due from Other Funds	-	141,811	-	135,000	276,811
Accounts Receivable	-	46,391	-	-	46,391
Prepaid Expenses	29,757	-	-	-	29,757
	<u>\$ 876,941</u>	<u>\$ 827,076</u>	<u>\$ 4,178,218</u>	<u>\$ 327,501</u>	<u>\$ 6,209,736</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 47,941	\$ 51,963	\$ -	\$ 25,354	\$ 125,258
Due to Other Funds	276,811	-	-	-	276,811
Prepaid Assessments	-	167,954	-	-	167,954
Total Liabilities	<u>324,752</u>	<u>219,917</u>	<u>-</u>	<u>25,354</u>	<u>570,023</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Tax Revenue	537,807	-	2,689,230	53,723	3,280,760
Total Deferred Inflows of Resources	<u>537,807</u>	<u>-</u>	<u>2,689,230</u>	<u>53,723</u>	<u>3,280,760</u>
<b>FUND BALANCES</b>					
Nonspendable	29,757	-	-	-	29,757
Restricted For:					
Emergency Reserves	11,800	42,100	-	-	53,900
Debt Service	-	-	1,488,988	-	1,488,988
Committed	-	232,489	-	248,424	480,913
Assigned	-	332,570	-	-	332,570
Unassigned	(27,175)	-	-	-	(27,175)
Total Fund Balances	<u>14,382</u>	<u>607,159</u>	<u>1,488,988</u>	<u>248,424</u>	<u>2,358,953</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 876,941</u>	<u>\$ 827,076</u>	<u>\$ 4,178,218</u>	<u>\$ 327,501</u>	
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 as assets in the funds.					
Capital Assets Net of Accumulated Depreciation					4,477,035
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.					
Bonds Payable					(65,265,213)
Accrued Interest on Bonds Payable					(1,593,344)
Developer Advance Payable					(745,949)
Accrued Interest on Developer Advance Payable					(110,721)
Accrued Interest Payable					(259,152)
Net Position of Governmental Activities					<u>\$ (61,138,391)</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2019**

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 343,190	\$ -	\$ 1,716,014	\$ 34,304	\$ 2,093,508
Specific Ownership Taxes	38,033	-	172,892	-	210,925
Operation Fees - Builders	-	225,366	-	-	225,366
Operation Fees - Residents	-	915,292	-	-	915,292
Transfer Fees	-	125,500	-	-	125,500
Development Fees - Builders	-	-	385,000	-	385,000
Other Revenue	1,737	121,985	-	-	123,722
Reimbursed Expenditures	-	15,000	-	-	15,000
Net Investment Income	8,476	923	38,267	-	47,666
Total Revenues	<u>391,436</u>	<u>1,404,066</u>	<u>2,312,173</u>	<u>34,304</u>	<u>4,141,979</u>
<b>EXPENDITURES</b>					
General and Administration	227,144	263,888	-	34,304	525,336
Operations and Maintenance	-	787,377	-	-	787,377
Debt Service:					
Bond Interest - Series 2014	-	-	1,424,700	-	1,424,700
County Treasurer's Fees	-	-	25,777	-	25,777
Paying Agent Fees	-	-	10,000	-	10,000
Capital Outlay:					
Capital Outlay	-	-	-	93,250	93,250
Total Expenditures	<u>227,144</u>	<u>1,051,265</u>	<u>1,460,477</u>	<u>127,554</u>	<u>2,866,440</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	164,292	352,801	851,696	(93,250)	1,275,539
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	301,739	301,739
Transfers Out	(162,910)	(135,000)	(3,829)	-	(301,739)
Total Other Financing Sources (Uses)	<u>(162,910)</u>	<u>(135,000)</u>	<u>(3,829)</u>	<u>301,739</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,382	217,801	847,867	208,489	1,275,539
Fund Balances - Beginning of Year	<u>13,000</u>	<u>389,358</u>	<u>641,121</u>	<u>39,935</u>	<u>1,083,414</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 14,382</u>	<u>\$ 607,159</u>	<u>\$ 1,488,988</u>	<u>\$ 248,424</u>	<u>\$ 2,358,953</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ 1,275,539

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

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

Capital Contributions	3,022,097
Capital Outlay	93,250
Depreciation	(1,030,560)

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 on Bonds - Change in Liability	(2,787,319)
Accrued Interest on Developer Advance - Change in Liability	(52,216)
Accrued Interest Payable - Change in Liability	(140,427)
	(3,979,962)

Changes in Net Position of Governmental Activities \$ 380,364

**INSPIRATION METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 344,737	\$ 343,190	\$ (1,547)
Specific Ownership Taxes	34,474	38,033	3,559
Other Revenue	1,000	1,737	737
Net Investment Income	3,000	8,476	5,476
Total Revenues	<u>383,211</u>	<u>391,436</u>	<u>8,225</u>
<b>EXPENDITURES</b>			
General and Administration:			
Accounting	30,000	54,821	(24,821)
Audit	4,500	5,000	(500)
Banking Fees	200	-	200
Contingency	2,928	-	2,928
County Treasurer's Fees	5,172	5,155	17
Dues and License	1,200	5,594	(4,394)
Insurance	25,000	33,361	(8,361)
Legal	100,000	122,184	(22,184)
Miscellaneous	1,000	1,029	(29)
Total Expenditures	<u>170,000</u>	<u>227,144</u>	<u>(57,144)</u>
<b>NET CHANGE IN FUND BALANCES</b>	213,211	164,292	(48,919)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out to Capital Projects Fund	(225,000)	(162,910)	62,090
Total Other Financing Sources (Uses)	<u>(225,000)</u>	<u>(162,910)</u>	<u>62,090</u>
<b>NET CHANGE IN FUND BALANCE</b>	(11,789)	1,382	13,171
Fund Balance - Beginning of Year	<u>46,930</u>	<u>13,000</u>	<u>(33,930)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 35,141</u>	<u>\$ 14,382</u>	<u>\$ (20,759)</u>

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Operation Fees - Builders	\$ 242,384	\$ 312,495	\$ 225,366	\$ (87,129)
Operation Fees - Residents	826,192	868,534	915,292	46,758
Transfer Fees	80,000	100,500	125,500	25,000
Other Revenue	2,000	3,212	121,985	118,773
Reimbursed Expenditures	-	-	15,000	15,000
Net Investment Income	100	400	923	523
Total Revenues	1,150,676	1,285,141	1,404,066	118,925
<b>EXPENDITURES</b>				
General and Administration:				
Contingency	-	4,210	-	4,210
District Management	26,325	29,295	80,602	(51,307)
General Administration	-	-	4,020	(4,020)
Insurance and Bonds	-	42	174	(132)
Legal - Collections and Code Violations	-	-	3,579	(3,579)
Meeting Expense	300	157	-	157
Miscellaneous	1,800	3,997	4,924	(927)
Office Rental	3,600	3,600	3,000	600
Office Supplies	600	2,050	3,906	(1,856)
Postage, Printing, Copies	2,200	2,989	4,015	(1,026)
Professional Services	152,352	136,984	125,404	11,580
Social Events	38,805	36,965	31,539	5,426
Uniforms	400	200	-	200
Web Hosting	2,280	2,288	2,725	(437)
Operations and Maintenance:				
Dog Waste Bags	1,200	4,000	-	4,000
Electricity	4,800	4,694	5,056	(362)
Equipment Rental	-	814	388	426
Fence/Walls	15,000	15,000	18,154	(3,154)
Gas	4,700	6,075	4,657	1,418
Holiday Lights	4,260	-	-	-
Irrigation Supplies/Repairs	7,800	21,211	86,171	(64,960)
Landscape Maintenance	305,000	283,326	263,019	20,307
Landscape Supplies/Repairs	4,000	41,912	53,777	(11,865)
Licenses, Fees, Permits	540	1,008	1,740	(732)
Pest Control	400	240	-	240
Playground Inspection	1,800	97	-	97
Pool Operations	54,400	59,780	65,732	(5,952)
Refuse	100,461	101,690	96,676	5,014
Seasonal Color	15,000	14,791	14,791	-
Snow Removal	18,000	37,241	37,303	(62)
Storage	960	1,618	768	850
Storm Drainage	78,750	-	-	-
Telephone	4,800	9,264	10,048	(784)
Water	199,200	148,700	129,097	19,603
Total Expenditures	1,049,733	974,238	1,051,265	(77,027)
<b>NET CHANGE IN FUND BALANCES</b>	100,943	310,903	352,801	41,898
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out to Capital Projects Fund	-	(215,762)	(135,000)	80,762
Total Other Financing Sources (Uses)	-	(215,762)	(135,000)	80,762
<b>NET CHANGE IN FUND BALANCE</b>	100,943	95,141	217,801	122,660
Fund Balance - Beginning of Year	371,359	389,358	389,358	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 472,302	\$ 484,499	\$ 607,159	\$ 122,660

See accompanying Notes to Basic Financial Statements.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Inspiration Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Douglas County entered on May 30, 2002 and recorded on June 7, 2002 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). On February 10, 2017, the District formally changed its name from RockingHorse Metropolitan District No. 2 to Inspiration Metropolitan District. The District's service area is located in the City of Aurora, Douglas County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, traffic and safety controls, park and recreation, limited fire protection, transportation, limited television relay and translation, and mosquito control improvements and 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. Governmental activities are normally supported by taxes and inter-governmental revenues.

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

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

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

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

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

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

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

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

The District reports the following major governmental funds:

The General Fund accounts for certain financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with the operation and maintenance of District owned public facilities.

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.



**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2019.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds, excluding the Special Revenue Fund, to maximize investment earnings. Except when required by trust or other agreements, 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.

**Interfund Balances**

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide 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 inflows 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.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Capital Assets**

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful life of 30 years for the pool and clubhouse and 10 to 20 years for improvements other than buildings.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Operations Fees**

Effective May 1, 2016, the District adopted a Resolution Concerning the Imposition of an Operations Fee (Fee Resolution). As amended in 2019 to become effective January 1, 2020, the District will impose: 1) an Operations Fee on each Residential Unit at a rate of \$294 per quarter; 2) an Operations Fee on each Vacant Lot at a rate of \$147 per quarter; 3) a Transfer fee on each Residential Unit transfer of \$500; and 4) a Transfer fee on each Vacant Lot transfer of \$500.

On July 16, 2010 and Amended and Restated by 2016 Resolution on July 26, 2016, the Board of Directors of the Districts adopted a Joint Resolution Concerning District Fees for the Use of District Recreational Facilities by Nonresidents and Nonproperty Owners. Persons not residing or owning property within the legal boundaries of the District, as may be amended from time to time (the Outside Users), shall be entitled to utilize the RockingHorse tennis courts (the Recreation Amenities) in accordance with, and to the extent set forth within the resolution and the rules and regulations of the Districts. The annual Outside User fee is \$1,400 per year.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Development Fees**

On October 20, 2015, the District established a one-time Development Fee of \$3,500 per residential unit for the overall cost of providing amenities and facilities benefitting property and inhabitants within the District. The Development Fee is calculated to defray the cost of funding Development Costs and reasonably distributes the burden in a manner based on the benefits received by persons paying the fees and using the Facilities. The fees are payable by homebuilders at the time of issuance of a building permit.

**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.

**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.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Equity (Continued)**

Fund Balance (Continued)

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and Investments	\$ 523,414
Cash and Investments - Restricted	<u>2,033,483</u>
Total Cash and Investments	<u><u>\$ 2,556,897</u></u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with Financial Institutions	\$ 638,874
Investments	<u>1,918,023</u>
Total Cash and Investments	<u><u>\$ 2,556,897</u></u>

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the District's cash deposits had a bank balance of \$646,134 and a carrying balance of \$638,874.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 8,569
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	1,909,454
		<u>\$ 1,918,023</u>

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAF E 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 CSAF E's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAF E'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 CSAF E. CSAF E is rated AAAM by Standard & Poor's. CSAF E records its investments at amortized cost and the District records its investments in CSAF E at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance - December 31, 2018	Increases	Decreases	Balance - December 31, 2019
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ -	\$ 93,250	\$ -	\$ 93,250
Landscape improvements	764,181	-	518,661	245,520
Total Capital Assets, Not Being Depreciated	764,181	93,250	518,661	338,770
Capital Assets, Being Depreciated:				
Pool and clubhouse	1,744,358	-	-	1,744,358
Improvements other than buildings	-	3,540,758	-	3,540,758
	1,744,358	3,540,758	-	5,285,116
Less Accumulated Depreciation For:				
Pool and clubhouse	116,291	87,217	-	203,508
Improvements other than buildings	-	943,343	-	943,343
	116,291	1,030,560	-	1,146,851
Total Capital Assets, Being Depreciated, Net	1,628,067	2,510,198	-	4,138,265
Capital Assets, Net	<u>\$ 2,392,248</u>	<u>\$ 2,603,448</u>	<u>\$ 518,661</u>	<u>\$ 4,477,035</u>

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

General government	<u>\$ 1,030,560</u>
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**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019.

	Balance - December 31, 2018	Additions	Reductions	Compounding of Unpaid Interest	Balance - December 31, 2019	Due Within One Year
<b>Governmental Activities:</b>						
General Obligation						
Bonds Payable:						
Series 2014A	\$ 23,745,000	\$ -	\$ -	\$ -	\$ 23,745,000	\$ -
Series 2014B	24,318,428	1,606,572	-	-	25,925,000	-
Series 2014C	5,270,746	375,467	-	-	5,646,213	-
Series 2017D	9,949,000	-	-	-	9,949,000	-
Accrued Interest on 2017D	788,064	746,175	-	59,105	1,593,344	-
Developer Advance - Operations	53,970	-	-	-	53,970	-
Interest on Developer Advance - Operations	7,545	3,777	-	-	11,322	-
Developer Advance - Capital	691,979	-	-	-	691,979	-
Interest on Developer Advance - Capital	50,960	48,439	-	-	99,399	-
Total Long-Term Liabilities	<u>\$ 64,875,692</u>	<u>\$ 2,780,430</u>	<u>\$ -</u>	<u>\$ 59,105</u>	<u>\$ 67,715,227</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

**Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014A** (Series 2014A) in the original principal amount of \$20,000,650 with an accreted value of \$23,745,000 at current interest conversion date. Prior to December 1, 2016, the Bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, beginning June 1, 2014. On December 1, 2016 and until the maturity date of December 1, 2051 or prior redemption, the Bonds shall bear interest at the rate of 6.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2017. The Series 2014A bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.



**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2014B** (Series 2014B) in the original principal amount of \$17,771,846.75 with an accreted value of \$25,925,000 at current interest conversion date. Prior to December 1, 2019, the Series 2014B bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2019 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014B bonds shall bear interest at the rate of 6.50% per annum, calculated on the basis of a 360-day year of twelve 30day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2020. The Series 2014B bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.

**\$9,785,000 Junior Lien (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Bonds, Series 2014C (Drawdown)** (Series 2014C) The Series 2014C bonds were issued with no balance, and were “filled-up” as infrastructure costs were accepted by the District under the Facility Acquisition Agreement. On November 12, 2015 bonds in the amount of \$4,272,225 with an accreted value of \$7,435,000 at current interest conversion date, were issued (Series 2014C-1 and Series 2014C-2). Permitted Draws were issued solely for the purpose of paying amounts then due and payable by the District under the 2014 Reimbursement Agreement and for no other purpose. No additional Permitted Draws and additional Bonds shall be delivered after January 1, 2017. Prior to December 1, 2023, the Series 2014C bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2023 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014C bonds shall bear interest at the rate of 7.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2024. The Series 2014C bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The mandatory redemption begins December 1, 2026.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**\$9,949,000 Fourth Tier Limited Tax General Obligation Bonds, Series 2017D, dated December 12, 2017** to finance certain public improvements. The Bonds bear interest at the rate of 7.50% per annum, until paid in full or discharged, such interest to be calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available therefor annually on each December 15, commencing on December 15, 2018. The Bonds mature December 15, 2051. The Bonds are structured as cash flow bonds and payments will be made when funds are available after payment of the 2014 Bonds, with the exception of \$82,500 which was repaid in 2018 from the first \$82,500 in Pledged revenue received by the District. As such, a debt to maturity schedule is not presented as the timing of payments is unknown. The Series 2017D bonds are payable from pledged revenue including property taxes, specific ownership taxes, and development fees.

**Developer Advances** see Note 8.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 3,109,825	\$ 3,109,825
2021	-	3,109,825	3,109,825
2022	-	3,109,825	3,109,825
2023	-	3,109,825	3,109,825
2024	-	3,630,275	3,630,275
2025 - 2029	1,050,000	18,075,600	19,125,600
2030 - 2034	3,765,000	17,425,875	21,190,875
2035 - 2039	7,510,000	15,791,575	23,301,575
2040 - 2044	13,050,000	12,752,150	25,802,150
2045 - 2049	20,640,000	7,701,975	28,341,975
2050 - 2051	11,090,000	1,070,500	12,160,500
Total	<u>\$ 57,105,000</u>	<u>\$ 88,887,250</u>	<u>\$ 145,992,250</u>

**Authorized Debt**

As of December 31, 2019, the District has \$1,110,856,310 in remaining authorization for capital improvements and \$232,220,503 in remaining voter authorization for refundings. The District's service plan, as approved by the City, allows for a total debt amount of \$119,700,000 when combined with RockingHorse Metropolitan District No. 1 (District No. 1).

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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, 2019, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 4,477,035
Noncurrent Portion of Long-Term Obligations	<u>(1,980,343)</u>
Net Investment in Capital Assets	<u><u>\$ 2,496,692</u></u>

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019 as follows:

Emergency Reserves	<u>\$ 53,900</u>
Total	<u><u>\$ 53,900</u></u>

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**NOTE 7 RELATED PARTY**

The Developer of the property which constitutes the District is Nash Inspiration, LLC. Two members of the Board of Directors are employees, owners or are otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 AGREEMENTS**

**Intergovernmental Agreement with the City of Aurora**

On December 21, 2004, the District and District No. 1 (collectively, the Districts) entered into the Intergovernmental Agreement between the City of Aurora and the Districts (the IGA). The IGA defines and clarifies the services which the Districts may provide, as well as those services which the Districts are prohibited from providing. The IGA was amended and restated on May 21, 2018 to allow the District to own, operate, and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity. Pursuant to the Consolidated Service Plan, the Districts are required to impose the Aurora Regional Improvement (ARI) Mill Levy upon the Districts' residents. This mill levy is 1.000 mill for 20 years, which for this purpose begins the first year that the Districts certify a debt service mill levy. The levy increases to 5.000 mills for years 21 through 40 or the date of repayment of the debt incurred for public improvements, other than regional improvements, whichever occurs first. For the 10 years subsequent to the period where the 5.000 mills is imposed, the ARI mill levy is the average of the debt service mill levy for the previous 10 years.

**South Aurora Regional Improvement Authority**

On February 7, 2018, the District entered into the South Aurora Regional Improvement Authority (SARIA) Establishment Agreement (SARIA Agreement) with the City. The Authority was formed to provide functions and services necessary to acquire, construct, finance, maintain, and manage certain regional improvements that are identified and agreed upon by the City and the member districts.

The SARIA Agreement provides that SARIA may adopt an ARI master plan, pursuant to the Code and Service Plans of the districts. SARIA will prioritize and support the completion of the regional improvements as identified in the ARI Master Plan. In order to fund these projects, SARIA may issue revenue bonds or other multi-fiscal year financial obligations, subject to its sole discretion, secured by the pledged revenues of the ARI Mill Levies by each of the districts and other funds legally available to SARIA.

SARIA adopted ARI Master Plan Number One on December 8, 2017, however no action has been taken to implement ARI Master Plan Number One. On June 15, 2018, the Authority adopted ARI Master Plan Number Two which replaces ARI Master Plan Number One and constitutes the Authority's current plan for Regional Improvements.

ARI Master Plan Number Two identifies \$62,200,000 of Regional Improvements Pursuant to ARI Master Plan Number Two, the Authority is responsible for providing financing for only a portion of these improvements. The remaining costs are planned to be paid by the City, the County, and/or certain Member Districts and developers, depending upon the particular improvement.

On October 2, 2018, the SARIA Agreement was amended by the First Amendment to the South Aurora Regional Improvement Authority Establishment Agreement (First Amendment) in conjunction with the issuance of SARIA's Special Revenue Bonds, Series 2018 (SARIA Bonds). SARIA issued its SARIA Bonds in the amount of \$11,265,000 on December 19, 2018. The District is obligated to pledge its ARI Mill Levy Revenues to the repayment of the SARIA Bonds pursuant to the terms of the SARIA Agreement and the First Amendment.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Developer Advances**

The District has entered into Funding and Reimbursement Agreement(s) with the Developer as follows:

**Funding and Reimbursement Agreement**

On July 21, 2015, the District and Nash Inspiration, LLC (Developer) entered into a Funding and Reimbursement Agreement whereby the Developer agreed to loan up to \$100,000 per year for operations through December 31, 2015, and the District agreed to repay developer for funds advanced plus accrued interest at 7% per annum. This agreement was subsequently extended for 2016 and 2017. Effective January 1, 2017, the Maximum Loan Amount was increased to \$200,000. As of December 31, 2019, outstanding advances under the agreement totaled \$53,970 and accrued interest of \$11,322.

**Infrastructure Acquisition and Reimbursement Agreement**

The District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement dated May 23, 2016 (the Acquisition and Reimbursement Agreement), whereby the Developer agreed to construct recreational amenities such as a pool and clubhouse (the Recreation Amenities) and the District agreed to Acquire the Recreation Amenities. The District agrees to reimburse the Developer for all District eligible costs approved under this Agreement with an interest rate of 7% per annum.

A balance of \$691,979 in principal and \$99,399 of accrued interest remains outstanding as of December 31, 2019.

The District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement dated July 6, 2017 (the Acquisition and Reimbursement Agreement), whereby the Developer agreed to advance funds to the District for construction of Public Infrastructure (as defined therein) and/or construct Public Infrastructure for acquisition or payment by the District. The District agrees to: (i) reimburse the Developer for all District eligible costs for which the District receives advances; (ii) acquire any Public Infrastructure constructed for the benefit of the District from the Developer that is not being dedicated to other governmental entities and to pay all reasonable costs related thereto; and (iii) to reimburse the Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties, subject to the requirements of the agreement.

Under the Acquisition and Reimbursement Agreement, the District agrees to reimburse all District eligible costs of the Developer in financing, constructing or installing such Public Infrastructure together with interest thereon at the rate of 8% per annum, accruing from the date the Developer deposits immediately available funds, has paid or advanced funds not otherwise directly attributed to a particular Public Infrastructure improvement or component part of, or the District has received a Cost Certification.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 INTERFUND AND OPERATING TRANSFERS**

Transfers from the General Fund and the Special Revenue Fund to the Capital Projects Fund was and will be used to fund a major drainage project.

**NOTE 10 RISK MANAGEMENT**

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

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

The District pays annual premiums to the Pool for [property 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 11 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.

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, 2019, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

**INSPIRATION METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

On November 2, 2004, 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.

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

## **SUPPLEMENTARY INFORMATION**



**INSPIRATION METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,723,749	\$ 1,716,014	\$ (7,735)
Property Taxes - Regional ARI	34,458	-	(34,458)
Specific Ownership Taxes	172,375	172,892	517
Specific Ownership Taxes - Regional ARI	3,446	-	(3,446)
Development Fees - Builders	700,000	385,000	(315,000)
Other Revenue	1,000	-	(1,000)
Net Investment Income	15,000	38,267	23,267
Total Revenues	<u>2,650,028</u>	<u>2,312,173</u>	<u>(337,855)</u>
<b>EXPENDITURES</b>			
Bond Interest - Series 2014A	1,424,700	1,424,700	-
County Treasurer's Fees	25,857	25,777	80
County Treasurer's Fees - Regional ARI	517	-	517
Paying Agent Fees	15,000	10,000	5,000
Regional ARI Expense	30,496	-	30,496
Total Expenditures	<u>1,496,570</u>	<u>1,460,477</u>	<u>36,093</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,153,458	851,696	(301,762)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out to Capital Projects Fund	-	(3,829)	(3,829)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,829)</u>	<u>(3,829)</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,153,458	847,867	(305,591)
Fund Balance - Beginning of Year	<u>614,529</u>	<u>641,121</u>	<u>26,592</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,767,987</u>	<u>\$ 1,488,988</u>	<u>\$ (278,999)</u>

**INSPIRATION METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes - Regional ARI	\$ -	\$ 34,303	\$ 34,304	\$ 1
Total Revenues	-	34,303	34,304	1
<b>EXPENDITURES</b>				
Capital Outlay	225,000	400,000	93,250	306,750
County Treasurer's Fees - Regional ARI	-	515	515	-
Regional ARI Expense	-	33,788	33,789	(1)
Contingency	-	15,697	-	15,697
Total Expenditures	225,000	450,000	127,554	322,446
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(225,000)	(415,697)	(93,250)	322,447
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In From Other Funds	225,000	375,762	301,739	(74,023)
Total Other Financing Sources (Uses)	225,000	375,762	301,739	(74,023)
<b>NET CHANGE IN FUND BALANCE</b>				
	-	(39,935)	208,489	248,424
Fund Balance - Beginning of Year	794	39,935	39,935	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 794</b>	<b>\$ -</b>	<b>\$ 248,424</b>	<b>\$ 248,424</b>

## **OTHER INFORMATION**

**INSPIRATION METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2019**

Year Ending December 31,	\$23,745,000 (at Full Accretion) Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds Series 2014A, Interest Rate of 6.00% Payable June 1 and December 1 Principal Due December 1			\$25,925,000 (at Full Accretion) Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds Series 2014B, Interest Rate of 6.50% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ 1,424,700	\$ 1,424,700	\$ -	\$ 1,685,125	\$ 1,685,125
2021	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2022	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2023	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2024	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2025	-	1,424,700	1,424,700	-	1,685,125	1,685,125
2026	95,000	1,424,700	1,519,700	65,000	1,685,125	1,750,125
2027	100,000	1,419,000	1,519,000	70,000	1,680,900	1,750,900
2028	170,000	1,413,000	1,583,000	140,000	1,676,350	1,816,350
2029	180,000	1,402,800	1,582,800	150,000	1,667,250	1,817,250
2030	250,000	1,392,000	1,642,000	235,000	1,657,500	1,892,500
2031	265,000	1,377,000	1,642,000	250,000	1,642,225	1,892,225
2032	350,000	1,361,100	1,711,100	340,000	1,625,975	1,965,975
2033	370,000	1,340,100	1,710,100	365,000	1,603,875	1,968,875
2034	460,000	1,317,900	1,777,900	465,000	1,580,150	2,045,150
2035	485,000	1,290,300	1,775,300	500,000	1,549,925	2,049,925
2036	590,000	1,261,200	1,851,200	610,000	1,517,425	2,127,425
2037	625,000	1,225,800	1,850,800	650,000	1,477,775	2,127,775
2038	735,000	1,188,300	1,923,300	780,000	1,435,525	2,215,525
2039	780,000	1,144,200	1,924,200	830,000	1,384,825	2,214,825
2040	905,000	1,097,400	2,002,400	970,000	1,330,875	2,300,875
2041	955,000	1,043,100	1,998,100	1,035,000	1,267,825	2,302,825
2042	1,095,000	985,800	2,080,800	1,195,000	1,200,550	2,395,550
2043	1,160,000	920,100	2,080,100	1,270,000	1,122,875	2,392,875
2044	1,310,000	850,500	2,160,500	1,455,000	1,040,325	2,495,325
2045	1,390,000	771,900	2,161,900	1,545,000	945,750	2,490,750
2046	1,560,000	688,500	2,248,500	1,745,000	845,325	2,590,325
2047	1,655,000	594,900	2,249,900	1,860,000	731,900	2,591,900
2048	1,845,000	495,600	2,340,600	2,080,000	611,000	2,691,000
2049	1,955,000	384,900	2,339,900	2,220,000	475,800	2,695,800
2050	2,165,000	267,600	2,432,600	2,470,000	331,500	2,801,500
2051	2,295,000	137,700	2,432,700	2,630,000	170,950	2,800,950
2052	-	-	-	-	-	-
Total	<u>\$ 23,745,000</u>	<u>\$ 35,343,600</u>	<u>\$ 59,088,600</u>	<u>\$ 25,925,000</u>	<u>\$ 42,370,250</u>	<u>\$ 68,295,250</u>

**INSPIRATION METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)  
DECEMBER 31, 2019**

\$7,435,000 (at Full Accretion)  
Junior Lien (Convertible to Senior)  
Limited Tax (Convertible to Unlimited Tax)  
General Obligation Convertible Capital Appreciation  
Series 2014C, Interest Rate of 7.00%  
Payable June 1 and December 1

Principal Due December 1			Total of all Series 2019 Bonds		
Principal	Interest	Total	Principal	Interest	Total
\$ -	\$ -	\$ -	\$ -	\$ 3,109,825	\$ 3,109,825
-	-	-	-	3,109,825	3,109,825
-	-	-	-	3,109,825	3,109,825
-	-	-	-	3,109,825	3,109,825
-	520,450	520,450	-	3,630,275	3,630,275
-	520,450	520,450	-	3,630,275	3,630,275
10,000	520,450	530,450	170,000	3,630,275	3,800,275
10,000	519,750	529,750	180,000	3,619,650	3,799,650
30,000	519,050	549,050	340,000	3,608,400	3,948,400
30,000	516,950	546,950	360,000	3,587,000	3,947,000
55,000	514,850	569,850	540,000	3,564,350	4,104,350
60,000	511,000	571,000	575,000	3,530,225	4,105,225
85,000	506,800	591,800	775,000	3,493,875	4,268,875
90,000	500,850	590,850	825,000	3,444,825	4,269,825
125,000	494,550	619,550	1,050,000	3,392,600	4,442,600
135,000	485,800	620,800	1,120,000	3,326,025	4,446,025
165,000	476,350	641,350	1,365,000	3,254,975	4,619,975
180,000	464,800	644,800	1,455,000	3,168,375	4,623,375
215,000	452,200	667,200	1,730,000	3,076,025	4,806,025
230,000	437,150	667,150	1,840,000	2,966,175	4,806,175
275,000	421,050	696,050	2,150,000	2,849,325	4,999,325
295,000	401,800	696,800	2,285,000	2,712,725	4,997,725
340,000	381,150	721,150	2,630,000	2,567,500	5,197,500
370,000	357,350	727,350	2,800,000	2,400,325	5,200,325
420,000	331,450	751,450	3,185,000	2,222,275	5,407,275
450,000	302,050	752,050	3,385,000	2,019,700	5,404,700
515,000	270,550	785,550	3,820,000	1,804,375	5,624,375
545,000	234,500	779,500	4,060,000	1,561,300	5,621,300
620,000	196,350	816,350	4,545,000	1,302,950	5,847,950
655,000	152,950	807,950	4,830,000	1,013,650	5,843,650
735,000	107,100	842,100	5,370,000	706,200	6,076,200
795,000	55,650	850,650	5,720,000	364,300	6,084,300
-	-	-	-	-	-
<u>\$ 7,435,000</u>	<u>\$ 11,173,400</u>	<u>\$ 18,608,400</u>	<u>\$ 57,105,000</u>	<u>\$ 88,887,250</u>	<u>\$ 145,992,250</u>

**INSPIRATION METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2019**

Year Ended <u>December 31</u>	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied for			Total Property Taxes		Percent Collected to Levied
		General	Debt Service	ARI	Levied	Collected	
2014	\$ 7,192,357	10.000	50.000	1.000	\$ 438,734	\$ 312,486	71.22 %
2015	8,732,230	10.000	50.000	1.000	532,666	532,725	100.01
2016	11,691,450	10.000	50.000	1.000	713,178	713,179	100.00
2017	15,921,760	10.000	50.000	1.000	971,227	936,308	96.40
2018	26,447,560	11.055	55.277	1.105	1,783,544	1,777,289	99.65
2019	31,183,840	11.055	55.277	1.105	2,102,945	2,093,508	99.55
Estimated 2020	\$ 48,311,840	11.132	55.664	1.112	\$ 3,280,760		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.