



## REGULAR BOARD MEETING AGENDA AND NOTICE

WEDNESDAY, JULY 20, 2022

5:30 PM

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/800588117>

You can also dial in using your phone.

United States: [+1 \(872\) 240-3212](tel:+18722403212)

Access Code: 800-588-117

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Board of Director	Title	Term
Edith Coffman	President	May 2023
Lanny Hoel	Treasurer	May 2023
Elizabeth Douglas	Secretary	May 2023
Martin Lempecki	Assistant Secretary	May 2025
Jennifer Shepard	Assistant Secretary	May 2025

NOTICE IS HEREBY GIVEN that a Meeting of the Board of Directors of ARABIAN ACRES METROPOLITAN DISTRICT, Teller County, Colorado has been scheduled pursuant to emergency rules and regulations for Wednesday, July 20, 2022 at 5:30 p.m. via tele/videoconference for the purpose of addressing those matters in the Agenda set forth below.

### **Management Team**

Lynn Willow, ORC

Kevin Walker, WSDM

Rebecca Hardekopf, WSDM

Jason Downie, District Legal Counsel

### **1) ADMINISTRATIVE MATTERS**

- a) Call to Order & Declaration of Quorum
- b) Confirm any Potential Conflicts of Interest
- c) Discussion and Approval of the Agenda
- d) Consider Approval of Meeting Minutes from June 15, 2022 (enclosed)

### **2) FINANCIAL MATTERS**

- a) Review and Consider approval of the 2021 Audit (enclosed)
- b) Review of Billing and Collection Status
- c) Review and accept the June 30, 2022, Unaudited Financial Status (enclosed)
- d) Review and Approve the Payment of Claims (enclosed)
- e) Review status of grant close-out

### **3) MANAGEMENT MATTERS**

- a) Discuss new process and fees for any future Petitions of Exclusions
- b) Discuss status of Velocity work that caused the February Leak
- c) Discuss high usage at 221 Tidi Rd (separate enclosure)

**4) LEGAL MATTERS**

- a) Review and Approve Resolution Establishing Fees, Rates, Tolls, Charges, and Penalties (enclosed)

**5) OPERATIONS**

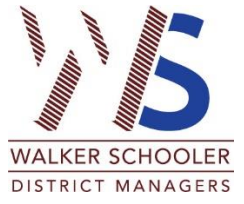
- a) ORC Report
- b) Updated on Tank coating project
- c) Leak data report (enclosed)

**6) PUBLIC COMMENT**

Comments will be limited to 3 minutes. Please remain respectful of the Board of Directors as well as of your fellow residents.

**7) ADJOURNMENT**

THE NEXT REGULARLY SCHEDULED MEETING IS SCHEDULED FOR WEDNESDAY, AUGUST 17, 2022 AT 5:30 PM.





**MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING  
ARABIAN ACRES METROPOLITAN DISTRICT**

June 15, 2022 at 5:30 P.M.  
Via Telephone and Video Conference Call

**In attendance were Directors:**

Edith Coffman  
Elizabeth Douglass  
Lanny Hoel  
Martin Lempecki  
Jennifer Shepard

**Also in attendance were:**

Kevin Walker, WSDM  
Rebecca Hardekopf, WSDM  
Lynn Willow, ORC  
Jason Downie  
Bryan Johnson

**1) ADMINISTRATIVE MATTERS**

- a) Call to Order & Declaration of Quorum: President Coffman called the meeting to order at 5:31 PM and confirmed a quorum with all Directors present.
- b) Confirm any Potential Conflicts of Interest: The Directors each confirmed there were no potential conflicts of interest.
- c) Discussion and Approval of the Agenda: Director Shepard moved to approve the Agenda as presented; seconded by Director Douglass. Motion passed unanimously.
- d) Consider Approval of Meeting Minutes from April 20, 2022 and May 18, 2022: Ms. Hardekopf noted the Board of County Commissioners did not have the Minutes from their meeting drafted yet, but the Resolution is included. Director Douglass moved to approve the April 20, 2022 Meeting Minutes; seconded by Director Hoel. Motion passed unanimously. Director Hoel moved to approve the May 18, 2022 Meeting Minutes; seconded by Director Douglass. Motion passed unanimously.

**2) FINANCIAL MATTERS**

- a) Review of Billing and Collection Status: President Coffman discussed a customer who is always paying at the last minute which is causing a disturbance. She discussed considering a charge for Mr. Willow and Kelly for going out for the shutoff. Ms. Hardekopf noted that water must be turned back on within 48 or 72 hours after payment according to the law. She suggested a charge for the shutoff notice. Mr. Downie explained that the Board could adopt an additional fee or trip charge to help prevent this customer from abusing the current system. The Board discussed imposing a new posting fee of \$50 and a \$100 trip charge fee even if the water is not turned off. The Board requested the new fees be on the Agenda for consideration at next month's meeting with the required 30-day notice published. Ms. Hardekopf presented the Billing and Collection status.

- b) Review and Accept the May 31, 2022 Unaudited Financial Status: Ms. Hardekopf presented the May 31, 2022 Unaudited Financial Status. President Coffman requested detail on the legal payments and charges associated with the Trout Haven Exclusions. Mr. Walker noted the payments received from the exclusion petitioners will be used to pay the associated legal costs. Mr. Downie noted other matters that benefited the District including the changes to the requirements and modifications of the service plan that were not directly related to the exclusions. President Coffman disagreed that the service plan modifications benefitted the District. Director Douglass moved to accept the May 31, 2022 Unaudited Financial Status; seconded by Director Shepard. Motion passed unanimously.
  - i. Discuss the February Leak cost total: Ms. Hardekopf reported that \$20,000 has been spent for the February leak with an anticipated total cost of \$30,000. Mr. Walker noted he is still waiting to hear back from Velocity regarding the incorrect parts used during installation.
- c) Confirm the Line of Credit Amount with Ferguson Water Works: Ms. Hardekopf confirmed the line of credit amount is \$1,000.
- d) Review and Approve the Payment of Claims: Ms. Hardekopf presented the Payment of Claims. Mr. Willow will confirm with Kelly on the separation of work done for the leak and tank. After review, Director Shepard moved to approve the Payment of Claims; seconded by Director Hoel. Motion passed unanimously.
- e) 2021 Audit Update: Ms. Hardekopf noted the 2021 Audit will be ready for Board review at the July meeting.

### **3) MANAGEMENT MATTERS**

- a) Discuss New Process and Fees for any Future Petitions of Exclusions: Mr. Walker requested the Board table this item until the July Board meeting to allow more time to review with legal counsel. President Coffman requested the Board be paid for the time it takes to do the exclusions. Mr. Walker explained that State statute has limits on what the Board can be paid. President Coffman commented that she thinks they should all call for an extra meeting for the future exclusions. Mr. Downie explained if the Board decides an additional meeting is necessary then it could be included as part of the cost for exclusion.

### **4) LEGAL MATTERS**

- a) Review and Approve Resolution that Confirms Exclusions of Property: Mr. Downie explained the previous four Resolutions were passed contingent upon the County's approval and the County has now effectively approved them. This is the final Resolution now that the contingencies have been satisfied. After review, Director Douglass moved to approve the Resolution that confirms exclusions of property; seconded by Director Shepard. Motion passed unanimously.

### **5) OPERATIONS**

- a) ORC Report: Mr. Willow presented the Operator's Report.
- b) Update on Tank Coating Project: The tank coating project has been completed.
- c) Leak Data Report: There was no discussion.

- 6) **PUBLIC COMMENT:** Director Douglass discussed the fire mitigation done at Denwood by No Flow Co. She noted they plan to burn the slash soon but there is not an exact timeline yet. There was no additional public comment.

7) **ADJOURNMENT:** Director Hoel moved to adjourn the meeting at 6:49 PM; seconded by Director Shepard. Motion passed unanimously.

THE NEXT REGULARLY SCHEDULED MEETING IS SCHEDULED FOR WEDNESDAY, JULY 20, 2022 AT 5:30 PM.

Respectfully Submitted,  
Walker Schooler District Managers

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By: Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL JUNE 15, 2022 REGULAR MEETING MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

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Edith Coffman

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Elizabeth Douglass

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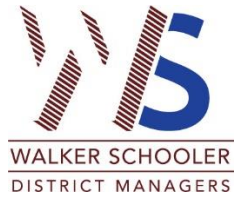
Lanny Hoel

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Martin Lempecki

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Jennifer Shepard



# ARABIAN ACRES METROPOLITAN DISTRICT

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BiggsKofford, P.C.  
630 Southpointe Court, Suite 200  
Colorado Springs, CO 80906

This representation letter is provided in connection with your audit of the financial statements of Arabian Acres Metropolitan District ("District"), which comprise the respective financial position of the business-type activities as of December 31, 2021, the respective changes in financial position, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit. These representations are effective as of the date of your report.

## General

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1. Regarding the non-attest services performed by you; we have—
  - a. Assumed all management responsibilities.
  - b. Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the results of these services.

## Financial Statements

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2. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 26, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with US GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
3. The financial statements referred to above are fairly presented, in all material respects, in conformity with US GAAP and include all properly classified funds and other financial



information of the primary government and all component units required by US GAAP to be included in the financial reporting entity.

4. We acknowledge our responsibility for 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.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
6. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with US GAAP.
8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with US GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.
11. We are in agreement with the adjusting and reclassifying entries you have proposed, and the adjusting journal entries have been posted to the internal accounts. A list of adjusting and reclassifying entries is as follows:

<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
ADJUSTING: To capitalize capital assets and expense amounts incurred for repairs and maintenance and reverse the retainage payable from contracts as of December 31, 2021.			
1850	Construction in Progress	114,759.00	
2050	Retainage Payable	107,100.00	
6190	Repairs and Maintenance	2,632.00	
6000	Capital Outlay		114,678.00
6003	Capital Outlay: DOLA 1 Million Grant		109,813.00
<b>Total</b>		<b><u>224,491.00</u></b>	<b><u>224,491.00</u></b>

**Adjusting Journal Entries JE # 3**

ADJUSTING: To record accrued interest as of December 31, 2021.

2020	Accrued Interest	2,458.00	
6340	Interest Expense		2,458.00
<b>Total</b>		<b>2,458.00</b>	<b>2,458.00</b>

**Adjusting Journal Entries JE # 5**

ADJUSTING: To roll forward net position.

6160	Other Expense	2,683.00	
3200	Retained Earnings		2,683.00
<b>Total</b>		<b>2,683.00</b>	<b>2,683.00</b>

**Adjusting Journal Entries JE # 6**

ADJUSTING: To reflect accounts receivable as of year's end

4050	Water Service Fee	19,756.00	
1200	Accounts Receivable		19,756.00
<b>Total</b>		<b>19,756.00</b>	<b>19,756.00</b>

**Adjusting Journal Entries JE # 7**

To record current year's depreciation expense

7100	Depreciation Expense	49,131.00	
1590	Accumulated Depreciation		49,131.00
<b>Total</b>		<b>49,131.00</b>	<b>49,131.00</b>

**Reclassifying Journal Entries****Reclassifying Journal Entries JE # 2**

RECLASSIFYING: To reclassify the current portion of long-term debt and other accounts payable.

2200.BK	Current Debt Contra	119,791.00	
2110.BK	Current debt		119,791.00
<b>Total</b>		<b>119,791.00</b>	<b>119,791.00</b>

**Reclassifying Journal Entries JE # 4**

RECLASSIFYING: To reclassify unrestricted cash as restricted in accordance with the Series 2007 requirements.

1020.BK	Restricted Cash	97,000.00	
1000.BK	Restricted Cash Contra		97,000.00
<b>Total</b>		<b>97,000.00</b>	<b>97,000.00</b>

## **Information Provided**

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12. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of meetings of the District's directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, analysts, regulators, or others.
17. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
18. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the names of the District's related parties and all the related party relationships and transactions of which we are aware.

## **Government—specific**

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20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
23. The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, as applicable.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
26. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
28. As part of your audit, you assisted with the preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
29. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
30. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
32. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.

33. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
34. Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
35. Provisions for uncollectible receivables have been properly identified and recorded.
36. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
37. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
38. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
39. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
41. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that the net position is properly recognized under the policy.
42. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
43. The financial statement disclosures related to insurance coverage are accurate for all periods presented.
44. We acknowledge that Management's Discussion and Analysis is required supplementary information which has been omitted from the financial statements and that your report will be modified accordingly.
45. With respect to the supplementary information as identified in the table of contents:
  - a. We acknowledge our responsibility for presenting the supplementary information in accordance with US GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the supplementary information have not changed from

those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

**Arabian Acres Metropolitan District**

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Board Member Signature

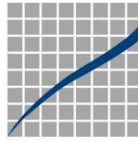
\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Manager Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title



**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

June 17, 2022

Board of Directors

Arabian Acres Metropolitan District

Via Email: brown99y@outlook.com; rascl1945@gmail.com; elizabeth.douglass@oracle.com; lannyhmrr@yahoo.com; claassenstanj@gmail.com

We have audited the financial statements of Arabian Acres Metropolitan District ("District"). Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America ("US GAAS"), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 18, 2022. Professional standards also require that we communicate to you the following related to our audit.

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### **Significant Audit Matters**

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#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. The District adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation expense and accumulated depreciation is based on the straight-line method over the estimated economic useful lives. We evaluated the key factors and assumptions used to develop the depreciation expense and accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the property taxes receivable and deferred property tax revenues is based on the Mill Levy Certificate from the Accounting Administrator for El Paso County Treasurer's Office in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected. We evaluated the key factors and assumptions used to develop the property taxes receivable and deferred property tax revenues in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures of capital assets and debt balances.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes misstatements detected as a result of audit procedures. The adjusting journal entries include those corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



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## Other Matters

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### *Supplementary Information*

We were engaged to report on the supplementary information, as identified in the table of contents to the financial statements ("SI"), which accompany the financial statements but are not RSI. With respect to this SI, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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## Internal Controls

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In planning and performing our audit of the financial statements of the District as of and for the year ended December 31, 2021, in accordance with US GAAS, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances and for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

- **Segregation of Duties:** As expected in smaller organizations, due to the limited number of people performing work for the District, many critical duties are combined and assigned to the available employees. To the extent possible, duties should be segregated to serve as a check and balance on employee integrity and to maintain the best control system possible. We suggest that the segregation of duties be reviewed and adjusted where possible to strengthen the system of internal controls. At a minimum, we recommend that members of the board of directors be provided with monthly bank statements including check images directly from the bank (or via direct online access), to enable them to verify that all disbursements were made for approved expenditures. Ideally a record of the board members' regular review would be maintained (e.g., printed statements with their initials and the date of their review).

- *Management Override of Controls:* Our audit procedures revealed that management has the ability to override internal controls. Internal controls are designed and implemented in order to prevent and detect errors and fraud in financial reporting. The ability of management to override and circumvent certain controls increases the risks to the District for errors to exist in the financial statements, whether by mistake or fraud. Those charged with governance should be aware of this possibility in performing their role in overseeing the District.

This information is intended solely for the use of the board of directors and is not intended to be, and should not be, used by anyone other than the specified party.

Sincerely,

*BiggsKofford, P.C.*

BiggsKofford, P.C.

DRAFT

## Adjusting Journal Entries

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### Adjusting Journal Entries

#### Adjusting Journal Entries JE # 1

ADJUSTING: To capitalize capital assets and expense amounts incurred for repairs and maintenance and reverse the retainage payable from contracts as of December 31, 2021.

1850	Construction in Progress	114,759.00	
2050	Retainage Payable	107,100.00	
6190	Repairs and Maintenance	2,632.00	
6000	Capital Outlay		114,678.00
6003	Capital Outlay: DOLA 1 Million Grant		109,813.00
<b>Total</b>		<b><u>224,491.00</u></b>	<b><u>224,491.00</u></b>

#### Adjusting Journal Entries JE # 3

ADJUSTING: To record accrued interest as of December 31, 2021.

2020	Accrued Interest	2,458.00	
6340	Interest Expense		2,458.00
<b>Total</b>		<b><u>2,458.00</u></b>	<b><u>2,458.00</u></b>

#### Adjusting Journal Entries JE # 5

ADJUSTING: To roll forward net position.

6160	Other Expense	2,683.00	
3200	Retained Earnings		2,683.00
<b>Total</b>		<b><u>2,683.00</u></b>	<b><u>2,683.00</u></b>

#### Adjusting Journal Entries JE # 6

ADJUSTING: To reflect accounts receivable as of year's end

4050	Water Service Fee	19,756.00	
1200	Accounts Receivable		19,756.00
<b>Total</b>		<b><u>19,756.00</u></b>	<b><u>19,756.00</u></b>

#### Adjusting Journal Entries JE # 7

To record current year's depreciation expense

7100	Depreciation Expense	49,131.00	
1590	Accumulated Depreciation		49,131.00
<b>Total</b>		<b><u>49,131.00</u></b>	<b><u>49,131.00</u></b>

**ARABIAN ACRES METROPOLITAN DISTRICT**

**FINANCIAL STATEMENTS**

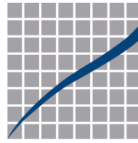
**DECEMBER 31, 2021 AND 2020**

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**BiggsKofford**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REVIEW REPORT

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Board of Directors  
**Arabian Acres Metropolitan District**  
Florissant, Colorado

### Opinions

We have audited the accompanying financial statements of the business-type activities of Arabian Acres Metropolitan District ("District"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2021 and 2020, respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

## Other Matters

### *Required Supplementary Information*

Management has omitted 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 which 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**DRAFT-NOT FOR DISTRIBUTION**

Colorado Springs, Colorado

[REPORT DATE]



**BASIC FINANCIAL STATEMENTS**

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**ARABIAN ACRES METROPOLITAN DISTRICT**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

<b><u>ASSETS</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Current assets:		
Cash and investments	\$ 568,979	\$ 631,491
Cash and investments - restricted	106,400	120,240
Receivable from County Treasurer	871	1,996
Accounts receivable, net	11,313	31,069
Property taxes receivable	142,292	122,827
Total current assets	<u>829,855</u>	<u>907,623</u>
Non-current assets:		
Capital assets, net	4,191,649	4,124,899
Total non-current assets	<u>4,191,649</u>	<u>4,124,899</u>
Total assets	<u>\$ 5,021,504</u>	<u>\$ 5,032,522</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	10,800	340,862
Retainage payable	-	107,100
Accrued interest payable	7,427	9,885
Current maturities of bonds and notes payable	119,791	99,918
Total current liabilities	<u>138,018</u>	<u>557,765</u>
Non-current liabilities:		
Bonds and notes payable, net of current portion	<u>2,161,608</u>	<u>2,059,142</u>
Total liabilities	<u>2,299,626</u>	<u>2,616,907</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred property taxes	142,292	122,843
Total deferred inflows of resources	<u>142,292</u>	<u>122,843</u>
<b><u>NET POSITION</u></b>		
Invested in capital assets, net	2,141,767	2,227,707
Restricted for:		
Debt service	97,000	110,500
Emergency reserve	9,400	9,740
Unrestricted	331,419	(55,175)
Total net position	<u>2,579,586</u>	<u>2,292,772</u>
Total liabilities and net position	<u>\$ 5,021,504</u>	<u>\$ 5,032,522</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b><u>OPERATING REVENUES</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Water sales	\$ 288,483	\$ 361,905
Other operating revenues	15,127	6,142
<u>Total operating revenues</u>	<u>303,610</u>	<u>368,047</u>
 <b><u>OPERATING EXPENSES</u></b>		
Depreciation and amortization	49,131	40,549
District management	55,000	55,600
Fees, dues, and subscriptions	8,955	13,702
Insurance	14,838	15,416
ORC fees	40,800	42,371
Other expenses	8,826	26,181
Professional fees	13,839	11,492
Purchased services	14,300	27,775
Repairs and maintenance	38,053	13,820
Utilities	9,416	11,991
<u>Total operating expenses</u>	<u>253,158</u>	<u>258,897</u>
<u>Operating income</u>	<u>50,452</u>	<u>109,150</u>
 <b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Property taxes	117,682	115,674
Specific ownership taxes	13,475	12,898
County Treasurer fees	(3,525)	(3,475)
Grant revenues	166,133	1,331,262
Interest income	269	2,283
Interest expense	(57,672)	(62,230)
<u>Net non-operating revenues</u>	<u>236,362</u>	<u>1,396,412</u>
<u>Change in net position</u>	<u>286,814</u>	<u>1,505,562</u>
<u>Total net position, beginning of year</u>	<u>2,292,772</u>	<u>787,210</u>
<u>Total net position, end of year</u>	<u>\$ 2,579,586</u>	<u>\$ 2,292,772</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from user fees and surcharges	\$ 323,366	\$ 348,028
Cash paid for goods and services	(534,089)	(235,616)
Net change in cash from operating activities	(210,723)	108,975
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Cash received from general and specific tax revenues	128,741	125,078
Grant proceeds	166,133	1,331,262
Net change in cash from non-capital financing activities	294,874	1,456,340
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Acquisitions and construction of capital assets	(222,981)	(1,961,004)
Proceeds from issuance of debt	242,808	889,413
Payments on bonds and notes payable	(120,469)	(73,729)
Accrued interest payable	(2,458)	3,585
Interest expense	(57,672)	(62,230)
Net change in cash from capital and related financing activities	(160,772)	(1,203,965)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest income	269	2,283
Net change in cash from investing activities	269	2,283
Net change in cash and investments	(76,352)	363,633
Cash and investments, beginning of year	751,731	388,098
Cash and investments, end of year	<u>\$ 675,379</u>	<u>\$ 751,731</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>		
Operating income	\$ 50,452	\$ 109,150
Adjustments to reconcile operating income to net change in cash from operating activities:		
Depreciation and amortization	49,131	40,549
Decrease (increase) in operating assets:		
Accounts receivable, net	19,756	(19,871)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(330,062)	(20,853)
Net change in cash from operating activities	<u>\$ (210,723)</u>	<u>\$ 108,975</u>
<b><u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Acquisitions and construction of capital assets through accounts payable and retainage payable	<u>\$ -</u>	<u>\$ 439,788</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**1. DEFINITION OF REPORTING ENTITY**

Arabian Acres Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in October 2003, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Teller County, Colorado ("County"). The District was organized for the purpose of acquiring the water system for the use and benefit of the District's residents, taxpayers and property owners, and for providing for the design, purchase, operation, maintenance, and extension of the water system. The District may provide additional services or facilities that may be provided by a metropolitan district, within and outside the District's boundaries, in accordance with its service plan.

The District follows 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 and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

Basis of accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets.

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

Basis of accounting (continued)

The District distinguishes between operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and sanitation services to its customers. Operating revenues consist of charges to customers for services provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Use of estimates

The preparation of financial statements in accordance with US GAAP requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported balances of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates.

Budgets and budgetary accounting

In accordance with 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 District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end.

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

Cash and investments

For purposes of the statements of cash flows, the District considers cash and all highly liquid debt instruments with initial maturities of three months or less to be cash equivalents.

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

Accounts receivable

Accounts receivable of the District consist of water sales receivable. Accounts receivable are unsecured and are stated at the amount the District expects to collect. The District maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of the District's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. As of December 31, 2021 and 2020, management considers accounts receivable to be fully collectible and no allowance for doubtful accounts has been recorded.

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 and attaches as an enforceable lien 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, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable taxes, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected. All property tax revenues are pledged for bond repayment.

Capital assets

Capital assets, which include property, equipment and water distribution systems, are defined by the District as assets with an initial individual cost of more than \$1,000 and a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets as follows:

Water distribution system and equipment	40 years
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See independent auditor's report.



**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

Capital assets (continued)

Maintenance and repairs are expensed as incurred. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected as non-operating revenue or expense.

Water rights

The cost of water rights includes acquisition cost and legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has one item that qualifies for reporting in this category. Accordingly, that item, deferred property tax revenues, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenues and expenses

Operating revenues consist of charges for services and are recognized as earned. Operating expenses include the cost of service, administrative expenses, and depreciation of assets and are recorded as incurred.

Net position

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Reclassifications

Certain prior period balances and amounts have been reclassified to conform with the current period financial statement presentation. There was no impact on the change in net position due to these reclassifications.

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**3. CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021 and 2020, are classified in the accompanying financial statements as follows:

	<b>2021</b>	<b>2020</b>
Cash and investments	\$ 568,979	\$ 631,491
Cash and investments - restricted	106,400	120,240
	<b>\$ 675,379</b>	<b>\$ 751,731</b>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2021 and 2020, are as follows:

	<b>2021</b>	<b>2020</b>
Deposits with financial institutions	\$ 358,828	\$ 449,178
Investments	316,551	302,553
	<b>\$ 675,379</b>	<b>\$ 751,731</b>

Deposits with financial institutions

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

As of December 31, 2021, the District's cash deposits had a bank balance of \$360,395 and a book balance of \$358,828. As of December 31, 2020, the District's cash deposits had a bank balance of \$456,143 and a book balance of \$449,178.

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**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 below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise 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 US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 316,551</u>

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 302,553</u>

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

Investments (continued)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST" or "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. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US 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 investments 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.

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**4. CAPITAL ASSETS**

District capital asset activity for the year ended December 31, 2021, is as follows:

	<u>Balance 1/1/2021</u>	<u>Additions/ Reclass- ifications</u>	<u>Dispositions Reclass- ifications</u>	<u>Balance 12/31/21</u>
Capital assets, not being depreciated:				
Land	\$ 101,000	\$ -	\$ -	\$ 101,000
Water rights	172,588	-	-	172,588
Construction in progress	<u>2,400,792</u>	<u>115,881</u>		<u>2,516,673</u>
Total capital assets, not being depreciated	<u>2,674,380</u>	<u>115,881</u>	<u>-</u>	<u>2,790,261</u>
Capital assets, being depreciated:				
Water distribution system and equipment	<u>1,965,264</u>	<u>-</u>	<u>-</u>	<u>1,965,264</u>
Total capital assets, being depreciated	<u>1,965,264</u>	<u>-</u>	<u>-</u>	<u>1,965,264</u>
Less accumulated depreciation:				
Water distribution system and equipment	<u>(514,745)</u>	<u>(49,131)</u>	<u>-</u>	<u>(563,876)</u>
Total accumulated depreciation	<u>(514,745)</u>	<u>(49,131)</u>	<u>-</u>	<u>(563,876)</u>
Capital assets, net	<u>\$4,124,899</u>	<u>\$ 66,750</u>	<u>\$ -</u>	<u>\$ 4,191,649</u>

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**4. CAPITAL ASSETS (CONTINUED)**

District capital asset activity for the year ended December 31, 2020 is as follows:

	<u>Balance 1/1/2020</u>	<u>Additions/ Reclass- ifications</u>	<u>Dispositions Reclass- ifications</u>	<u>Balance 12/31/20</u>
Capital assets, not being depreciated:				
Land	\$ 101,000	\$ -	\$ -	\$ 101,000
Water rights	172,588	-	-	172,588
Construction in process	<u>699,333</u>	<u>2,400,792</u>	<u>(699,333)</u>	<u>2,400,792</u>
Total capital assets, not being depreciated	<u>972,921</u>	<u>2,400,792</u>	<u>(699,333)</u>	<u>2,674,380</u>
Capital assets, being depreciated:				
Water distribution system and equipment	<u>1,265,931</u>	<u>699,333</u>	<u>-</u>	<u>1,965,264</u>
Total capital assets, being depreciated	<u>1,265,931</u>	<u>699,333</u>	<u>-</u>	<u>1,965,264</u>
Less accumulated depreciation:				
Water distribution system and equipment	<u>(474,196)</u>	<u>(40,549)</u>	<u>-</u>	<u>(514,745)</u>
Total accumulated depreciation	<u>(474,196)</u>	<u>(40,549)</u>	<u>-</u>	<u>(514,745)</u>
Capital assets, net	<u>\$1,764,656</u>	<u>\$ 658,784</u>	<u>\$ -</u>	<u>\$ 4,124,899</u>

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$49,131 and \$40,549, respectively.

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**5. LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt of the District during the year ended December 31, 2021:

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Repayments/ Defeasance</u>	<u>Balance 12/31/21</u>	<u>Due Within One Year</u>
<b>General obligation bonds</b>					
Series 2007 Bonds	\$ 1,040,000	\$ -	\$ 70,000	\$ 970,000	\$ 75,000
Subtotal	<u>1,040,000</u>	<u>-</u>	<u>70,000</u>	<u>970,000</u>	<u>75,000</u>
<b>Other debt</b>					
NRWA Note Payable	47,408	-	9,800	37,608	10,098
CWCB Note Payable	214,460	-	20,551	193,909	-
CWRD Note Payable	<u>857,192</u>	<u>242,808</u>	<u>20,118</u>	<u>1,079,882</u>	<u>34,693</u>
Subtotal	<u>1,119,060</u>	<u>242,808</u>	<u>50,469</u>	<u>1,311,399</u>	<u>44,791</u>
<b>Total long-term obligations</b>	<u><u>\$ 2,159,060</u></u>	<u><u>\$ 242,808</u></u>	<u><u>\$ 120,469</u></u>	<u><u>\$ 2,281,399</u></u>	<u><u>\$ 119,791</u></u>

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

The following is a summary of long-term debt of the District during the year ended December 31, 2020:

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Repayments/ Defeasance</u>	<u>Balance 12/31/20</u>	<u>Due within one year</u>
<b>General obligation bonds</b>					
Series 2007					
2007 Series					
Bonds	\$ 1,105,000	\$ -	\$ 65,000	\$ 1,040,000	\$ 70,000
Subtotal	<u>1,105,000</u>	<u>-</u>	<u>65,000</u>	<u>1,040,000</u>	<u>70,000</u>
<b>Other debt</b>					
NRWA Note					
Payable	56,137	-	8,729	47,408	9,800
CWCB Note					
Payable	182,239	32,221	-	214,460	-
CWRD Note					
Payable	<u>-</u>	<u>857,192</u>	<u>-</u>	<u>857,192</u>	<u>20,118</u>
Subtotal	<u>238,376</u>	<u>889,413</u>	<u>8,729</u>	<u>1,119,060</u>	<u>29,918</u>
<b>Total long-term obligations</b>	<u><u>\$ 1,343,376</u></u>	<u><u>\$ 889,413</u></u>	<u><u>\$ 73,729</u></u>	<u><u>\$ 2,159,060</u></u>	<u><u>\$ 99,918</u></u>

2007 Series Bonds

On April 4, 2007, the District issued \$1,425,000 of water revenue refunding bonds, series 2007 secured by water revenues and property tax revenues; \$455,000 were issued as serial bonds and \$970,000 were issued as term bonds. The serial bonds carry interest rates of 4.05% to 4.40% per annum and mature between December 1, 2014 and December 1, 2021. The term bonds carry interest rate of 5.00% per annum and mature on December 1, 2030. The term bonds are subject to mandatory sinking fund redemption in prescribed amounts before the maturity dates.

The District is required to maintain a debt service reserve account to be used for the payment of principal and interest of its 2007 series revenue bonds in the event that the District has not provided the Trustee with sufficient funds to make the required payment.

See independent auditor's report.



**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

Series 2007 Water Revenue Refunding Bonds (continued)

*Events of Default for the Bonds*

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture:

- i. Payment of the principal on any bond is not made by the District when due.
- ii. Payment of the interest on any bond is not made by the District when due.
- iii. The District defaults in the performance of any other of its material covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the owners of 50% in aggregate principal amount of the bonds then outstanding.
- iiii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

Upon the occurrence and continuance of an event of default, the trustee may protect and enforce the rights of any owner by proper legal or equitable remedy deemed most effectual including, without limitation, mandamus, specific performance of any covenants, injunctive relief, or requiring the board of directors to act as if it were the trustee of an express trust, or any combination of such remedies; provided however, that acceleration of any payments due with respect to any bond shall not be a remedy available to the owner of any such bond.

Following is a summary of the District's future debt service requirements of the 2007 series revenue bonds:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	75,000	48,500	123,500
2023	80,000	44,750	124,750
2024	85,000	40,750	125,750
2025	85,000	36,500	121,500
2026	90,000	32,250	122,250
2027-2030	555,000	81,500	636,500
	<u>\$ 970,000</u>	<u>\$ 284,250</u>	<u>\$ 1,254,250</u>

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

NRWA note payable

On August 1, 2015, the District entered into a loan in the amount of \$94,701 in order to ensure an adequate water supply. The note payable to National Rural Water Association Revolving Loan Fund ("NRWA") is due in monthly installments of \$924 with a stated interest rate of 3.00% per annum, maturing on July 1, 2025. The note is secured with an interest in the assets of the District in the amount of the principle balance.

Following is a summary of the District's future debt service requirements of the NRWA note payable:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 10,098	\$ 991	\$ 11,089
2023	10,405	684	11,089
2024	10,722	367	11,089
2025	6,383	64	6,447
	<u>\$ 37,608</u>	<u>\$ 2,106</u>	<u>\$ 39,714</u>

CWCB note payable

On July 9, 2019, the District entered into a note payable with the Colorado Water Conservation Board ("CWCB") for up to \$214,460. The note bears interest at 1.85% per annum and is secured by an interest in the revenues of the District. Draws on this note are made as expenses are incurred and repayment is required on or before the maturity date on May 1, 2030 and, accordingly no summary of future debt service is provided.

CWRD note payable

On June 15, 2020, the District entered into a loan with Colorado Water Resources & Power Development Authority ("CWRD") in the amount of \$1,500,000 loan to rehabilitate the existing distribution system, construct a new storage tank, improve the existing storage and treatment facilities. The note payable is due in full on or before the maturity date November 1, 2050 with a stated interest rate 0.5% per annum. The loan includes \$400,000 in principal forgiveness upon issuance which is included in grant revenue on the statement of revenues, expenses and changes in net position for the year ended December 31, 2020.

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

CWRD note payable (continued)

Following is a summary of the District's future debt service requirements of the CWRD note payable:

Years Ending December 31,	Principal	Interest	Total
2022	\$ 34,693	\$ 6,541	\$ 41,234
2023	34,896	6,367	41,264
2024	35,041	6,210	41,251
2025	35,216	6,017	41,233
2026	35,393	5,841	41,233
2027-2031	179,638	26,540	206,179
2032-2036	184,180	22,004	206,184
2037-2041	188,837	17,328	206,165
2042-2045	193,611	12,548	206,159
2042-2045	158,377	6,316	164,695
	<u>\$1,079,882</u>	<u>\$ 115,712</u>	<u>\$ 1,195,596</u>

**6. NET POSITION**

The District has net position consisting of three components: invested in capital assets, net of related debt; restricted; and unrestricted.

Invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, plus unspent debt proceeds, and reduced by outstanding balances of bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021 and 2020, the District had an investment in capital assets, net of related debt calculated as follows:

	<u>2021</u>	<u>2020</u>
Invested in capital assets, net of related debt:		
Capital assets, net	\$ 4,191,649	\$ 4,124,899
Revenue bonds and note payable	(2,049,882)	(1,897,192)
Invested in capital assets, net of related debt	<u>\$ 2,141,767</u>	<u>\$ 2,227,707</u>

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**6. NET POSITION (CONTINUED)**

Restricted assets include net assets that are restricted for use either externally 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 assets as of December 31, 2021 and 2020 as follows:

	<b>2021</b>	<b>2020</b>
Restricted net position:		
Debt service (Note 5)	\$ 97,000	\$ 110,500
Emergencies (Note 8)	9,400	9,740
Total restricted net position	\$ 106,400	\$ 120,240

Unrestricted net assets consist of net assets that do not meet the definition of invested in capital, net of related debt or restricted net assets.

**7. RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, as amended, the District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to volunteers or contractors; and natural disasters. The District carries commercial insurance for some of these risks of loss. The remaining risks of loss are retained by the District. There were no significant changes in coverage during the years ended December 31, 2021 and 2020.

**8. 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 which apply to the state of Colorado and all local governments within the state of Colorado.

Spending and revenue limits are determined based on the prior 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.

See independent auditor's report.

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**8. TAX, SPENDING AND DEBT LIMITATIONS**

Management believes the District 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 likely require judicial interpretation.

\* \* \* \* \*

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See independent auditor's report.

**SUPPLEMENTARY INFORMATION**

DRAFT

**ARABIAN ACRES METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET COMPARED TO ACTUAL - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>OPERATING REVENUES</u></b>				
Water sales	\$ 307,503	\$ 306,100	288,483	\$ (17,617)
Other operating revenues	-	23,073	15,127	(7,946)
<u>Total revenues</u>	307,503	329,173	303,610	(25,563)
<b><u>OPERATING EXPENDITURES</u></b>				
Advertising and promoting	1,000	-	-	-
Capital outlay	178,751	547,405	115,881	431,524
Contingency	22,000	2,000	-	2,000
Depreciation and amortization	-	-	49,131	(49,131)
District management	55,000	46,900	55,000	(8,100)
Fees, dues, and subscriptions	10,800	9,350	8,955	395
Insurance	8,000	8,000	14,838	(6,838)
ORC fees	48,000	40,800	40,800	-
Other expenses	19,200	14,560	8,826	5,734
Professional fees	25,100	15,100	13,839	1,261
Purchased services	10,000	8,000	14,300	(6,300)
Repairs and maintenance	15,000	27,500	38,053	(10,553)
Utilities	12,500	9,500	9,416	84
<u>Total operating expenditures</u>	405,351	729,115	369,039	360,076
<b><u>NON-OPERATING REVENUES AND EXPENDITURES</u></b>				
Property taxes	122,843	117,461	117,682	221
Specific ownership taxes	8,599	13,941	13,475	(466)
County Treasurer's fees	(1,842)	(3,517)	(3,525)	(8)
Grant revenue	-	166,133	166,133	-
Interest income	8,500	500	269	(231)
Interest expense	(52,869)	(56,070)	(57,672)	(1,602)
Debt principal payments	(107,414)	(123,606)	(120,469)	3,137
Debt proceeds	-	-	242,808	242,808
Transfer in (out) other funds	-	(48,096)	-	48,096
<u>Total non-operating revenues and expenditures</u>	(22,183)	66,746	358,701	291,955
Excess (deficit) of revenue over expenditures - budgetary basis	<u>\$ (120,031)</u>	<u>\$ (333,196)</u>	<u>\$ 293,272</u>	<u>\$ 626,468</u>

See independent auditor's report.

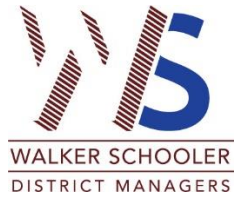
**ARABIAN ACRES METROPOLITAN DISTRICT**  
**RECONCILIATION OF AMOUNTS FROM**  
**US GAAP BASIS TO MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

The accompanying supplementary Schedule of Revenues and Expenditures - Budget Compared to Actual on page 23 presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences in revenues and expenditures for the year ended December 31, 2021 is presented below.

Total revenue per financial statements (operating and non-operating revenue)	\$ 601,169
Add:	
Loan proceeds	242,808
Revenue accruals and non-cash adjustments at December 31, 2020	39,439
Less:	
Revenue accruals and non-cash adjustments at December 31, 2021	(39,439)
Total actual revenue and receipts per the budget	<u>\$ 843,977</u>
Total expenses and capital expenditures per financial statements	\$ 314,355
Add:	
Principal payments on long-term debt	120,469
Capital outlay	115,881
Depreciation expense	(49,131)
Expense accruals and non-cash adjustments at December 31, 2021	49,131
Total actual expenses and capital expenditures per the budget	<u>\$ 550,705</u>

See independent auditor's report.





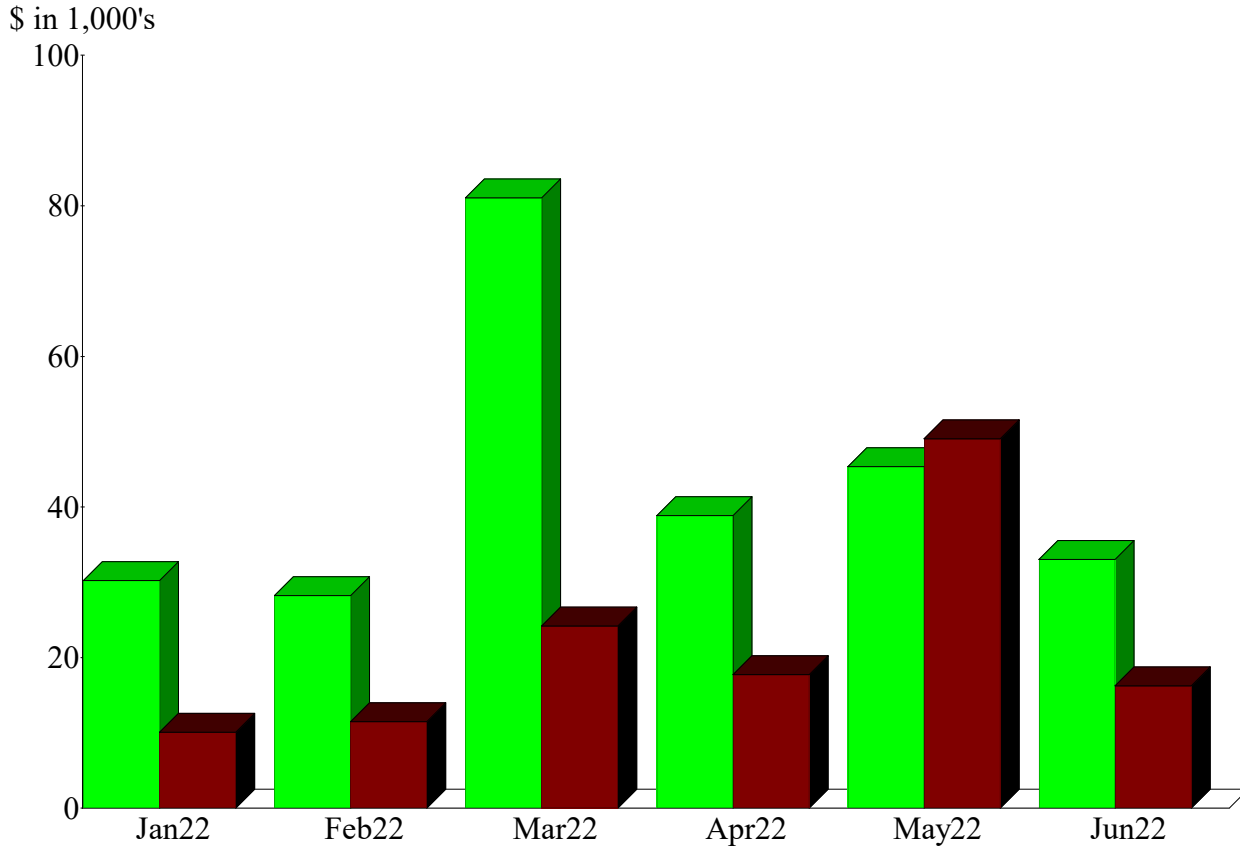
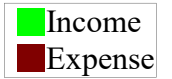
Arabian Acres Metropolitan District  
**Balance Sheet**  
As of June 30, 2022

	<u>Jun 30, 22</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
ECB Checking	366,712.63
2-1000 · COLOTRUST 4001	123,429.53
2-1020 · COLOTRUST Reserve 8002	32,028.73
3-1000 · COLOTRUST-Capital Reserve 8003	<u>237,861.76</u>
Total Checking/Savings	760,032.65
Accounts Receivable	
1-1200 · Accounts Receivable	<u>11,313.15</u>
Total Accounts Receivable	11,313.15
Other Current Assets	
1-1300 · Property Tax Receivable	<u>53,259.09</u>
Total Other Current Assets	<u>53,259.09</u>
Total Current Assets	824,604.89
Fixed Assets	
1-1850 · Construction in Progress	<u>2,515,552.62</u>
Total Fixed Assets	2,515,552.62
Other Assets	
3-1500 · Capital Assets	1,263,742.90
3-1520 · Equipment	702,640.55
3-1540 · Land	101,000.00
3-1560 · Water Rights	172,588.00
3-1590 · Accumulated Depreciation	<u>-563,876.00</u>
Total Other Assets	<u>1,676,095.45</u>
<b>TOTAL ASSETS</b>	<b><u><u>5,016,252.96</u></u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
1-2000 · Accounts Payable	<u>9,506.98</u>
Total Accounts Payable	9,506.98
Other Current Liabilities	
1-2020 · Accrued Interest	7,427.30
2-2200 · Deferred Revenue-Property Taxes	<u>53,259.09</u>
Total Other Current Liabilities	<u>60,686.39</u>
Total Current Liabilities	70,193.37
Long Term Liabilities	
DWRP 1.5 Million Loan	1,062,557.99
2-2400 · 2007 Bonds Payable	970,000.00
2-2440 · Natural Rural Water	31,753.61
3-4090 · CWCB Meter Loan 400K	<u>174,653.81</u>
Total Long Term Liabilities	<u>2,238,965.41</u>
Total Liabilities	2,309,158.78
Equity	
30000 · Opening Balance Equity	215,933.51
32000 · Retained Earnings	2,363,125.98
Net Income	<u>128,034.69</u>
Total Equity	<u>2,707,094.18</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u><u>5,016,252.96</u></u></b>

## Arabian Acres Metropolitan District Profit & Loss Budget vs. Actual January through June 2022

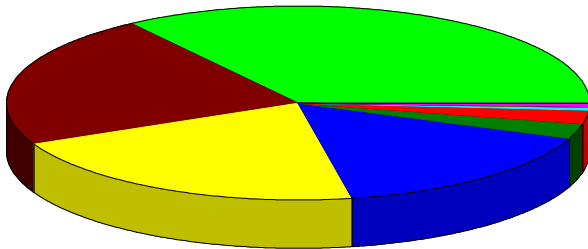
	TOTAL					
	May 22	Jun 22	Jan - Jun 22	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>						
<b>Income</b>						
1-4000 · Capital Improvement Fees	10,037.63	9,267.07	57,540.63	106,000.00	-48,459.37	54.28%
1-4030 · Late Fee Revenue	362.48	150.00	1,526.40			
1-4050 · Water Service Fee	9,455.49	8,660.13	54,138.89	100,000.00	-45,861.11	54.14%
1-4080 · Water Usage	6,918.04	6,553.59	41,347.61	100,000.00	-58,652.39	41.35%
1-4090 · Trout Haven Exclusion Deposits	0.00	16.77	16.77			
2-4400 · Property Tax Revenue	10,617.44	7,187.07	89,188.83	142,291.92	-53,103.09	62.68%
2-4450 · Specific Ownership Tax	1,146.37	1,188.11	5,951.47	9,960.43	-4,008.96	59.75%
2-4460 · Restitution	16.77	16.77	100.62			
2-4470 · State Senior/ Veteran Funds	6,551.07	0.00	6,551.07			
<b>Total Income</b>	<b>45,105.29</b>	<b>33,039.51</b>	<b>256,362.29</b>	<b>458,252.35</b>	<b>-201,890.06</b>	<b>55.94%</b>
<b>Gross Profit</b>						
	45,105.29	33,039.51	256,362.29	458,252.35	-201,890.06	55.94%
<b>Expense</b>						
1-6110 · Audit	0.00	0.00	0.00	8,000.00	-8,000.00	0.0%
1-6020 · Bank Service Charges	20.00	0.00	20.00	100.00	-80.00	20.0%
1-6120 · Directors Fees	400.00	500.00	3,400.00	7,500.00	-4,100.00	45.33%
1-6050 · District Management-Operating	3,908.37	3,908.37	23,450.22	54,000.00	-30,549.78	43.43%
1-6060 · Dues Fees and Subscriptions	18.20	14.30	512.88	2,500.00	-1,987.12	20.52%
1-6070 · Election Expense	0.00	0.00	267.19	10,000.00	-9,732.81	2.67%
1-6080 · Insurance Expense-Operating	79.00	0.00	79.00	8,000.00	-7,921.00	0.99%
1-6130 · Legal						
1-6135 · Trout Haven Exclusions	0.00	0.00	327.36			
1-6130 · Legal - Other	0.00	0.00	0.00	10,000.00	-10,000.00	0.0%
<b>Total 1-6130 · Legal</b>	<b>0.00</b>	<b>0.00</b>	<b>327.36</b>	<b>10,000.00</b>	<b>-9,672.64</b>	<b>3.27%</b>
1-6180 · ORC Fees-Operating	3,307.50	3,377.50	19,915.00	48,000.00	-28,085.00	41.49%
1-6160 · Other Expense	0.00	0.00	0.00	22,000.00	-22,000.00	0.0%
1-6100 · Postage and Copies-Operating	55.82	0.00	637.45	4,000.00	-3,362.55	15.94%
1-6170 · Chemicals and Supplies	0.00	153.53	153.53	2,000.00	-1,846.47	7.68%
1-6190 · Repairs and Maintenance	5,625.85	0.00	15,336.58	30,000.00	-14,663.42	51.12%
1-6210 · Utilities	1,380.31	506.15	5,812.55	12,500.00	-6,687.45	46.5%
1-6150 · Water Billing	675.00	675.00	4,050.00	10,000.00	-5,950.00	40.5%
1-6220 · Water Distribution Purchases	0.00	0.00	7,425.00	10,000.00	-2,575.00	74.25%
1-6230 · Water Testing	365.33	21.00	530.33	4,000.00	-3,469.67	13.26%
2-6240 · Treasurer Collection Fee	318.53	211.13	2,671.32	4,268.76	-1,597.44	62.58%
3-6000 · Capital Outlay						
3-6001 · DWRF 1.5 Million Loan	5,520.00	6,635.08	12,155.08			
<b>Total 3-6000 · Capital Outlay</b>	<b>5,520.00</b>	<b>6,635.08</b>	<b>12,155.08</b>			
3-6100 · Postage and Copies	343.73	162.29	739.58	0.00	739.58	100.0%
63400 · Interest Expense	2,699.71	0.00	2,699.71	5,356.10	-2,656.39	50.4%
63500 · Bond Principal Payment	0.00	0.00	0.00	75,000.00	-75,000.00	0.0%
<b>Total Expense</b>	<b>24,717.35</b>	<b>16,164.35</b>	<b>100,182.78</b>	<b>327,224.86</b>	<b>-227,042.08</b>	<b>30.62%</b>
<b>Net Ordinary Income</b>	<b>20,387.94</b>	<b>16,875.16</b>	<b>156,179.51</b>	<b>131,027.49</b>	<b>25,152.02</b>	<b>119.2%</b>
<b>Other Income/Expense</b>						
<b>Other Income</b>						
2-7000 · Interest Income	242.11	6.53	478.55			
<b>Total Other Income</b>	<b>242.11</b>	<b>6.53</b>	<b>478.55</b>			
<b>Other Expense</b>						
2-8000 · Bond Interest	24,250.00	0.00	24,250.00	48,500.00	-24,250.00	50.0%
2-8050 · National Rural Water Interest	83.65	81.55	520.69	990.81	-470.12	52.55%
2-8055 · Interest Expense - CWCD	0.00	0.00	3,602.68	23,688.07	-20,085.39	15.21%
2-8080 · Trustee Fees	0.00	0.00	250.00	500.00	-250.00	50.0%
<b>Total Other Expense</b>	<b>24,333.65</b>	<b>81.55</b>	<b>28,623.37</b>	<b>73,678.88</b>	<b>-45,055.51</b>	<b>38.85%</b>
<b>Net Other Income</b>	<b>-24,091.54</b>	<b>-75.02</b>	<b>-28,144.82</b>	<b>-73,678.88</b>	<b>45,534.06</b>	<b>38.2%</b>
<b>Net Income</b>	<b>-3,703.60</b>	<b>16,800.14</b>	<b>128,034.69</b>	<b>57,348.61</b>	<b>70,686.08</b>	<b>223.26%</b>

Income and Expense by Month  
January through June 2022



Income Summary  
January through June 2022

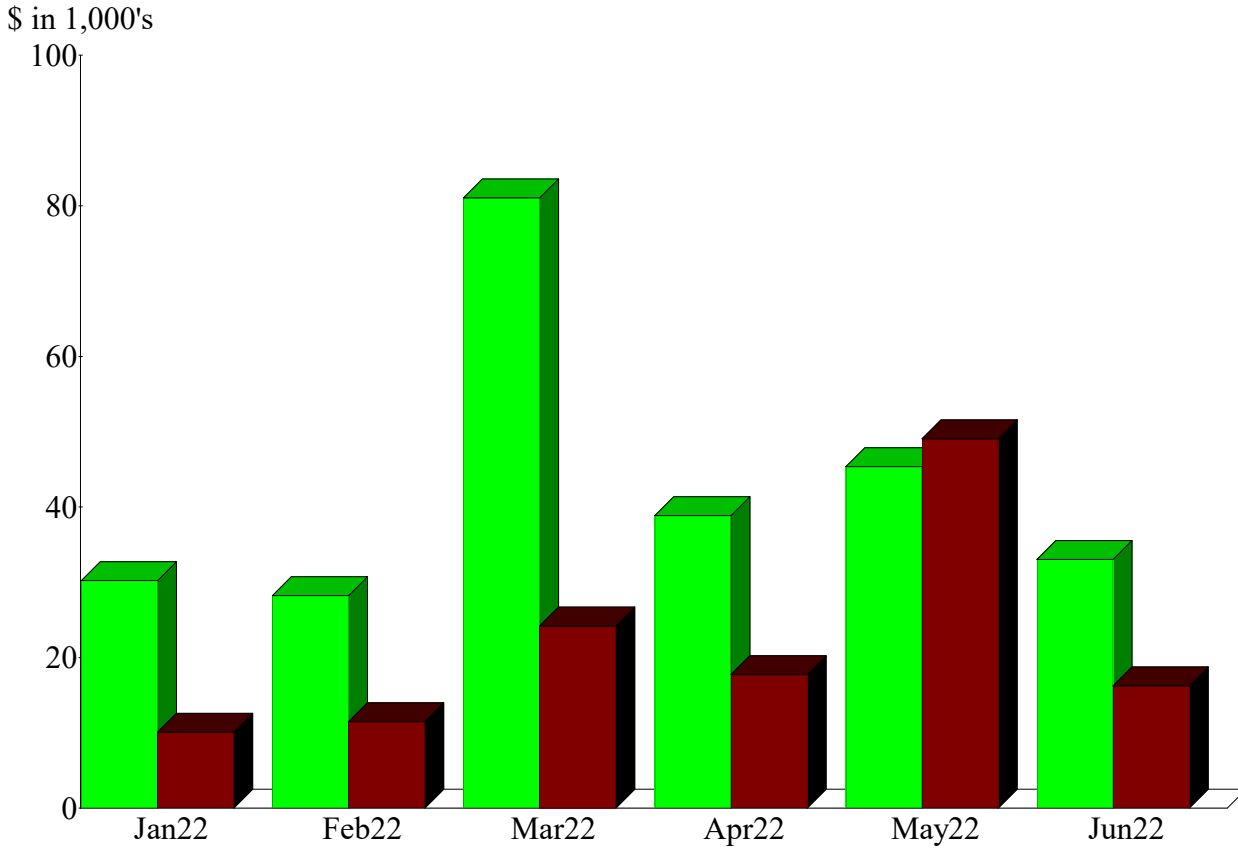
2-4400 · Property Tax Revenue	34.73%
1-4000 · Capital Improvement Fees	22.40
1-4050 · Water Service Fee	21.08
1-4080 · Water Usage	16.10
2-4470 · State Senior/ Veteran Funds	2.55
2-4450 · Specific Ownership Tax	2.32
1-4030 · Late Fee Revenue	0.59
2-7000 · Interest Income	0.19
2-4460 · Restitution	0.04
1-4090 · Trout Haven Exclusion Deposits	0.01
<b>Total</b>	<b>\$256,840.84</b>



By Account

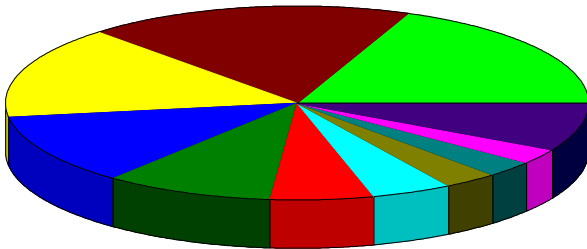
Income and Expense by Month  
January through June 2022

Income  
Expense



Expense Summary  
January through June 2022

2-8000 · Bond Interest	18.83%
1-6050 · District Management-Operating	18.21
1-6180 · ORC Fees-Operating	15.46
1-6190 · Repairs and Maintenance	11.91
3-6000 · Capital Outlay	9.44
1-6220 · Water Distribution Purchases	5.76
1-6210 · Utilities	4.51
1-6150 · Water Billing	3.14
2-8055 · Interest Expense - CWCD	2.80
1-6120 · Directors Fees	2.64
Other	7.30
<b>Total</b>	<b>\$128,806.15</b>



By Account

# Arabian Acres Metropolitan District

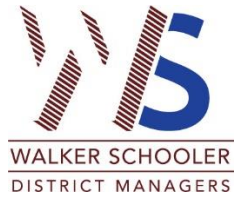
## PAYMENT REQUEST

7/20/2022

### GENERAL FUND

Company	Invoice	Date	Amount	Comments
Edith Coffman	072022EC	7/20/2022	\$ 100.00	
Lanny Hoel	072022LH	7/20/2022	\$ 100.00	
Elizabeth Douglas	072022ED	7/20/2022	\$ 100.00	
Jennifer Shepard	072022JS	7/20/2022	\$ 100.00	
Martin Lempecki	072022ML	7/20/2022	\$ 100.00	
Core Electric Coop	43183502	6/22/2022	\$ 204.06	ACH
Core Electric Coop	43071702	6/22/2022	\$ 43.63	ACH
Core Electric Coop	40299901	6/22/2022	\$ 122.28	ACH
Core Electric Coop	40032202	6/22/2022	\$ 150.01	ACH
Core Electric Coop	40045402	6/22/2022	\$ 27.60	ACH
El Paso County Public Health	53122	5/31/2022	\$ 21.00	
J.A. Excavation & Septic's LLC	63022	6/30/2022	\$ 2,877.50	
J.A. Excavation & Septic's LLC	63022-1	6/30/2022	\$ 500.00	
Lynn Willow	52022	5/20/2022	\$ 11.92	
Mailing Services Inc	16750	6/20/2022	\$ 117.84	
Mailing Services Inc	16832	7/8/2022	\$ 118.37	
National Rural Water Association	80122	7/20/2022	\$ 924.10	
National Rural Water Association			\$ 924.10	March Pmt Never Cleared
UNCC	222060068	6/30/2022	\$ 14.30	
USA BlueBook	912502	6/24/2022	\$ 153.53	
Walker Schooler District Managers	7104	6/30/2022	\$ 4,627.82	
<b>TOTAL</b>			<b>\$ 11,338.06</b>	

\_\_\_\_\_  
Director



**RESOLUTION AND ORDER  
OF THE  
BOARD OF DIRECTORS  
OF  
ARABIAN ACRES METROPOLITAN DISTRICT REGARDING THE IMPOSITION OF  
VARIOUS FEES, RATES, PENALTIES, AND CHARGES**

WHEREAS, Arabian Acres Metropolitan District (“District”) is a special district created pursuant to Article 1, Title 32, C.R.S. (“Special District Act”), and is authorized to provide, and does provide, water activities, services, and facilities within the District; and

WHEREAS, the District, pursuant to Section 32-1-1001(1)(j), C.R.S., 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 (“Rates, Fees, Penalties, and Charges”); and

WHEREAS, the District has determined it is necessary and desirable to impose the following Rates, Fees, Penalties, and Charges, to wit: (i) a \$50 Posting Fee for each and every notice associated with the disconnection, or potential disconnection, of water service in accordance with the District’s Rules and Regulations, including, but not limited to § 6.9 (“Posting Fee”) and (ii) a \$100 Trip and Administrative Fee associated with the disconnection, or potential disconnection, of water service, regardless of whether service is actually disconnected, and regardless of whether a trip is actually commenced (“Trip and Administrative Fee”).

WHEREAS, such Posting Fee and Trip and Administrative Fee shall be in addition to any other Rates, Fees, Penalties, and Charges, established by the District, and in addition to all damages and remedies available to the District.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE ARABIAN ACRES METROPOLITAN DISTRICT OF TELLER COUNTY, COLORADO:

1. Schedule: The Schedule of Rates, Fees, Penalties, and Charges attached hereto, and incorporated by reference, is hereby adopted and effective as of July 20, 2022. All prior Schedules are repealed in their entirety.

2. Severability: If any part, section, subsection, sentence, clause, or phrase of this Resolution or such Schedule is for any reason held invalid, such invalidity shall not affect the validity of the remaining provisions.

3. Effective Date: This Resolution shall take effect and be enforced immediately upon its approval by the Board.

APPROVED AND ADOPTED THIS 20<sup>th</sup> DAY OF July, 2022



ARABIAN ACRES METROPOLITAN DISTRICT

By: \_\_\_\_\_  
Edith Coffman, President

ATTEST:

[DISTRICT SEAL]

By: \_\_\_\_\_  
Elizabeth Douglas, Secretary

[Attach Revised Schedule]

# ARABIAN ACRES METROPOLITAN DISTRICT

## SCHEDULE OF FEES & CHARGES

July 20, 2022

**Tap Fee:**.....\$8,000.00 / SFE<sup>1</sup>

**Water Usage Fees – Per Month:**

Metered Account Usage

0 - 3,500 gallons- Base Usage Fee..... \$15.00 / K gal.  
 3,501 – 5,000 gallons..... \$25.00 / K gal.  
 5,001 gallons and above ..... \$50.00 / K gal.

**Service Fees - Per Month:**

Single Family Residential

¾" ..... \$60.00 / month

Commercial

¾" ..... \$60.00 / month

1" ..... \$150.00 / month

**Capital Improvement Fee - Per Month:**

Single Family Residential

¾" ..... \$75.00 / month

Commercial

¾" ..... \$75.00 / month

1" ..... \$250.00 / month

Late Fees ..... \$15.00/billing period

Bad Check Fee..... \$45.00

Collections ..... varies <sup>2</sup>

Tap Transfer Fee ..... TBA<sup>3</sup>

Turn-Off Fee ..... varies<sup>4</sup>

Turn-On Fee..... \$50.00<sup>4</sup>

Revocation/ Disconnection of Service Fee ..... \$150.00<sup>5</sup>

Posting Fee associated with Disconnection of Service..... \$50/posting

Trip and Administrative Fee associated with Disconnection of Service ..... \$100<sup>6</sup>

Unauthorized Connection/ Use Fee..... up to \$10,000.00

Inspection Fees (first half hour per year no charge) ..... Min. \$50.00/hr.

Meter Reading (Customer requested, other than regularly scheduled reads).....\$50.00

Plan Revision Fees ..... varies<sup>7</sup>

Meter Testing/Certification Fee ..... \$350.00<sup>8</sup>

Main Line Deposit ..... TBA<sup>9</sup>

Foreclosure Fee..... TBD

Construction Water Fee ..... \$250.00

Account Transfer/Real Estate Closing Fee ..... \$250.00<sup>10</sup>

Copy Charges..... \$1.25 / page

1 Single Family Equivalent or "SFE" is the term used to describe a basic unit of measurement which  
equates the demand of metered connections larger than 5/8" to that of a single family 5/8" metered  
connection. See Section 1.7 (nn) of the Rules and Regulations (" R&R") currently in effect for  
information regarding the ratio of SFE to individual tap sizes.

2 \$250.00 or 125% of actual cost for collections; whichever is greater.

3 To be assessed on a case by case basis, per Section 6.4 of the AAMD, R&R, as amended.

4 TURN-OFF FEE: No charge for one ( 1) Customer requested Turn-Off per calendar year (accounts  
not in arrears); each additional requested Turn-Off shall be \$50.00. While the service is Turned Off,  
both the monthly Service Fee and the Supplemental Operations Fee shall remain in effect.

4 TURN-ON FEE: No charge for one (1) Customer requested Turn-On per calendar year (accounts not  
in arrears); each additional requested Turn-On shall be \$50.00.

5 Revocation/Disconnection of Service may or may not include the removal of the meter. During  
revocation/disconnection, both the Monthly Service Fee and the Supplemental Operations Fee shall  
remain in effect. Re-establishment of service shall require payment of all fees due and owing the  
District, including but not necessarily limited to the normally applicable Tap Fees associated with  
new customers (when a meter has been removed) at the time of service re-establishment.

6 The Trip and Administrative Fee associated with the disconnection, or potential disconnection, of water  
service will be imposed regardless of whether service is actually disconnected, and regardless of whether  
a trip is actually commenced or completed and is in addition to all other fees, rates, tolls, and charges,  
associated with the disconnection of service.

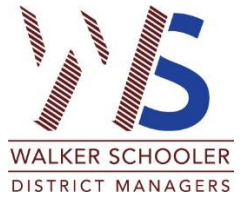
7 \$75.00, or 125% of actual engineering review costs, if any; whichever is greater.

8 Prior to the removal and testing of a meter per the customer's written request, customer shall pay the  
testing/ certification fee. Based upon its findings, the District in its sole discretion, will take the  
following action:

- a) If the meter has registered more water than actually passed through it, by greater than 2%; the current  
bill will be adjusted proportionately as a credit. In this case, the testing / certification fee shall be  
returned to the customer.
- b) If the meter has registered less water than actually passed through it, by greater than 2%; the  
District may elect to adjust the current bill proportionately as a debit. In this case, the Meter  
Testing/certification Fee shall not be returned to the customer.
- c) Should the meter fail to register in any period, the Customer shall be charged for the average period  
consumption determined over the preceding two (2) years or such amount as will most closely  
approximate actual usages, as determined by the District. In this case, the Meter Testing/  
certification Fee shall be returned to the customer.

9 To be assessed on a case by case basis, per Section 5.4.2 of the AAMD, R&R, as amended.

10 This fee is paid directly to District's Management Company via the Title Company and loan closing  
process, without additional cost to the District.



# **ARABIAN ACRES METROPOLITAN DISTRICT**

## **MONTHLY OPERATIONS REPORT**

**June 10, 2022 to July 15, 2022**

**Submitted by: Lynn Willow, O.R.C/Operator**

### **TOTAL WATER PUMPED**

**Control A 311,350**

**Control B 95,700**

### **TOTAL PURCHASED WATER**

**Trucked – 0**

(Amount actually received per each 4,000 gallon load is generally 200-300 gallons less due to standard and typical hauling losses)

### **OPERATIONS & MAINTENANCE ISSUES**

- 1) Read, recorded, and turned in meter reads.
- 2) Had an issue with one Lead and copper sample. It was delivered to the lab, but the lab could not find it. After more research, they discovered that the sample sent was empty (it must have leaked out of bottle). We will receive a violation for the missing L&C sample. The violation will go away when the next round of Lead and coppers are taken (these samples will be taken the week of July 18, 2022).
- 3) The testing for the rest of the year will consist of combined Uranium, Fluoride, Gross Alpha, and Inorganics.
- 4) Newly recoated storage tank is holding up good and looks great inside.
- 5) Turned off one water for no payment. They paid and water was restored the next day.

### **OTHER BUSINESS:**

Please be fire aware!!! We have very dry conditions throughout the district and Teller County...

Month	Control Building Usage		1,722 gal/ Ft (Less) Tank Storage	Sold to Residents	Percentage (Loss)
	A	B			
January	354,650	117,100	20,804	368,367	18.3%
February	353,000	103,350	13,053	324,139	26.9%
March	413,400	87,250	25,434	291,231	38.7%
April	441,050	101,200	25,107	377,820	26.9%
May	261,050	66,800	11,348	328,794	-3.9% *temp Tank installed
June	351,750	93,200	16,514	349,989	18%
July					#DIV/0!
August					#DIV/0!
September					#DIV/0!
October					#DIV/0!
November					#DIV/0!
December					#DIV/0!

