



CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

Special Board Meeting

Wednesday, July 26, 2023 – 9:00 AM

614 North Tejon St.

Colorado Springs, CO 80903,

or

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

<https://video.cloudoffice.avaya.com/join/372055771>

You can also dial in using your phone.

United States: +1 (213) 463-4500

Access Code: 372-055-771

Board of Director	Title	Term
Robert Fornof	President	May 2027
Terry Schooler	Secretary/Treasurer	May 2027
VACANT	Director	May 2025
VACANT	Director	May 2025
VACANT	Director	May 2025

AGENDA

1. Call to Order/Introductions
2. Approval of Agenda
3. Approval of the Minutes from the Board Meeting on November 8, 2022 (enclosure)
4. Public Comment (For items not on the Agenda)
5. Legal Matters
6. Financial Report
 - a. Review and consider approval of 2022 Audit and Presentation (enclosure)
 - b. Consider Approval of Unaudited Financial Statements through June 30, 2023 (under separate cover)
 - c. Ratify Payables through July 26, 2023 (enclosure)
7. Adjournment – schedule a November Meeting for Budget Hearing





**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
HELD NOVEMBER 8, 2022
AT 1:00 PM**

Pursuant to posted notice, the special meeting of the Board of Directors of the Constitution Heights Metropolitan District was held on Tuesday, November 8, 2022, at 614 N Tejon St., Colorado Springs, CO 80903 and virtually via video teleconference.

In attendance were Directors:

Gregory Driscoll, President
Terry Schooler, Director

Also in attendance were:

Rebecca Hardekopf, WSDM
Adam Noel, WSDM

1. Call to Order/Introductions: The meeting was called to order at 1:44 PM by Ms. Hardekopf. Ms. Hardekopf indicated that a quorum was present, and that all qualifications and conflicts of interest have been filed with today's agenda with the Secretary of State 72 hours in advance of the meeting.
2. Approval of the Agenda: President Driscoll moved to approve the Agenda as presented; seconded by Director Schooler. Motion passed unanimously.
3. Approval of December 3, 2021 Minutes: After review, Director Schooler moved to approve the December 3, 2021 Minutes; seconded by President Driscoll. Motion passed unanimously.
4. Public Comment: There was no public comment.
5. Legal Matters
 - a. Review and Consider Approval of the 2023 Election Resolution: Ms. Hardekopf noted the Resolution appoints White Bear Ankele Tanaka & Waldron as the Designated Election Official. Director Schooler moved to approve the 2023 Election Resolution; seconded by President Driscoll. Motion passed unanimously.
 - b. Review and Consider Approval of the 2023 WSDM Engagement Letter: Director Schooler moved to approve the 2023 WSDM Engagement Letter; seconded by President Driscoll. Motion passed unanimously.
 - c. Review and Consider Approval of the BiggsKofford 2022 Audit Letter: Director Schooler moved to approve the BiggsKofford 2022 Audit Letter; seconded by President Driscoll. Motion passed unanimously.

- d. Review and Consider Approval of the 2023 Administrative Resolution: Director Schooler moved to approve the 2023 Administrative Resolution; seconded by President Driscoll. Motion passed unanimously.
6. Financial Report
 - a. Consider Approval of Unaudited Financial Statements dated October 31, 2022: After review, Director Schooler moved to approve the Unaudited Financial Statements dated October 31, 2022; seconded by President Driscoll. Motion passed unanimously.
 - b. Ratify Payables through November 8, 2022: After review, Director Schooler moved to ratify the Payables through November 8, 2022; seconded by President Driscoll. Motion passed unanimously.
 - c. 2022 Budget Amendment Hearing: Director Schooler moved to open the Public Hearing on the 2022 Budget Amendment; seconded by President Driscoll. Motion passed unanimously. After no public comment, Director Schooler moved to close the Public Hearing; seconded by President Driscoll. Motion passed unanimously.
 - d. Budget Hearing for 2023 Budget: Director Schooler moved to open the Public Hearing on the 2023 Budget; seconded by President Driscoll. Motion passed unanimously. After no public comment, Director Schooler moved to close the Public Hearing; seconded by President Driscoll. Motion passed unanimously.
 - e. Review and Consider Approval of Resolutions for Approval of 2023 Budget and 2022 Budget Amendment: Ms. Hardekopf presented the 2022 Budget Amendment and 2023 Budget. After review, Director Schooler moved to approve the Resolutions for Approval of 2023 Budget and 2022 Budget Amendment; seconded by President Driscoll. Motion passed unanimously.
 - f. The Board agreed to keep the Board meeting schedule the same for 2023.
 7. Adjournment: The Board adjourned the meeting at 1:52 PM.

Respectfully Submitted,

By: Recording Secretary



CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

EL PASO COUNTY, COLORADO

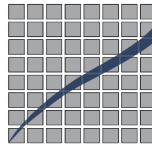
FINANCIAL STATEMENTS

DECEMBER 31, 2022

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Constitution Heights Metropolitan District
El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Constitution Heights Metropolitan District ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 opinions.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

is not a guarantee that an audit conducted in accordance with 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 ONLY, NOT FOR DISTRIBUTION

Colorado Springs, Colorado

[REPORT DATE PENDING]

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CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 17,877
Cash and investments - restricted	649,914
Receivable from County Treasurer	4,898
Property tax receivable	640,929
Total assets	<u>1,313,618</u>
<u>LIABILITIES</u>	
Accounts payable	3,556
Accrued interest payable	51,396
Due in more than one year	12,638,692
Total liabilities	<u>12,693,644</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property taxes	640,929
Total deferred inflows of resources	<u>640,929</u>
<u>NET POSITION</u>	
Restricted for:	
Debt service	666,406
Emergency reserve	1,500
Unrestricted	(12,688,861)
Total net position	<u>\$ (12,020,955)</u>

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

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
DECEMBER 31, 2022

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>FUNCTIONS / PROGRAMS</u>					
Primary government					
Government activities:					
General government	\$ 56,491	\$ -	\$ -	\$ -	\$ (56,491)
Interest and related costs on long-term debt	643,588	-	-	-	(643,588)
Total government activities	\$ 700,079	\$ -	\$ -	\$ -	(700,079)
<u>GENERAL REVENUES</u>					
Property taxes					576,498
Specific ownership taxes					59,894
Investment income					14,583
Total general revenues					650,975
Change in net position					(49,104)
Net position, beginning of year					(11,971,851)
Net position, end of year					\$ (12,020,955)

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

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 6,283	\$ 11,594	\$ 17,877
Cash and investments - restricted	-	649,914	649,914
Receivable from County Treasurer	-	4,898	4,898
Property tax receivable	-	640,929	640,929
Total assets	<u>\$ 6,283</u>	<u>\$ 1,307,335</u>	<u>\$ 1,313,618</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 3,556	\$ -	\$ 3,556
Total liabilities	<u>3,556</u>	<u>-</u>	<u>3,556</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property taxes	-	640,929	640,929
Total deferred inflows of resources	<u>-</u>	<u>640,929</u>	<u>640,929</u>
<u>FUND BALANCES</u>			
Restricted for:			
Debt service	-	666,406	666,406
Emergency reserve	1,500	-	1,500
Unassigned:			
Unrestricted	1,227	-	1,227
Total fund balances	<u>2,727</u>	<u>666,406</u>	<u>669,133</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,283</u>	<u>\$ 1,307,335</u>	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Bonds payable			(12,335,000)
Accrued interest on bonds payable			(51,396)
Developer advances			(153,500)
Accrued interest on developer advances			(150,192)
Net position of governmental activities			<u>\$ (12,020,955)</u>

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

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Debt Service Fund	Total Governmental Funds
<u>REVENUES</u>			
Property taxes	\$ -	\$ 576,498	\$ 576,498
Specific ownership taxes	59,894	-	59,894
Investment income	-	14,583	14,583
Total revenues	59,894	591,081	650,975
<u>EXPENDITURES</u>			
Current:			
Accounting and audit	8,825	-	8,825
Bank charges	944	-	944
County Treasurer fees	-	8,647	8,647
Dues and subscriptions	655	-	655
Elections	1,446	-	1,446
Insurance	2,436	-	2,436
Legal services	6,237	-	6,237
Management fees	26,402	-	26,402
Supplies	209	-	209
Debt service:			
Bank charges	-	4,690	4,690
Bond interest payments	-	616,750	616,750
Total expenditures	47,154	630,087	677,241
Excess of revenues over expenditures	12,740	(39,006)	(26,266)
Net change in fund balances	12,740	(39,006)	(26,266)
Fund balances, beginning of year	(10,013)	705,412	695,399
Fund balances, end of year	\$ 2,727	\$ 666,406	\$ 669,133

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

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2022

Net change in fund balances \$ (26,266)

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

Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest on developer advances (22,838)

Change in net position \$ (49,104)

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

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE (BUDGET AND ACTUAL)
DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance
<u>REVENUES</u>			
Specific ownership taxes	\$ 46,082	\$ 59,894	\$ 13,812
Total revenues	46,082	59,894	13,812
<u>EXPENDITURES</u>			
Accounting and audit	-	8,825	(8,825)
Bank charges	200	944	(744)
Contingency	5,000	-	5,000
Dues and subscriptions	-	655	(655)
Elections	3,000	1,446	1,554
Insurance	3,000	2,436	564
Legal services	5,000	6,237	(1,237)
Management fees	26,400	26,402	(2)
Supplies	200	209	(9)
Total expenditures	42,800	47,154	(4,354)
Excess of revenues over expenditures	3,282	12,740	9,458
Net change in fund balance	<u>\$ 3,282</u>	12,740	<u>\$ 9,458</u>
Fund balance, beginning of year		(10,013)	
Fund balance, end of year		<u>\$ 2,727</u>	

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

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. DEFINITION OF REPORTING ENTITY

Constitution Heights Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in November 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to construct public improvements including road and bridge improvements, landscaping, sanitary and storm sewer, water systems, park and recreation, channel, and other drainage improvements needed for the area.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Material interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

Measurement focus, basis of accounting, and financial statement position

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report.

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

The District reports the following major governmental funds:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another fund.

The *debt service fund* accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used for repayment of debt.

Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, and other financing uses level, and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2022 in the general fund, which may be a violation of state budget law.

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average balance.

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 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 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 amounts, 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.

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. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position and fund balances

Net position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

See independent auditor's report.

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

Fund balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

The *nonspendable fund balance* is the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventories) or is legally or contractually required to be maintained intact.

The *restricted fund balance* is the portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

The *committed fund balance* is the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

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

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

For fund presentation purposes, if more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 17,877
Cash and investments - restricted	<u>649,914</u>
	<u>\$ 667,791</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2022, are as follows:

Deposits with financial institutions	\$ 17,877
Investments	<u>649,914</u>
	<u>\$ 667,791</u>

Deposits with financial institutions

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

See independent auditor's report.

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, the District's cash deposits had a bank balance of \$18,180 and a carrying balance of \$17,877.

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. 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, 2022, the District had the following in investments:

Investment	Maturity	Amount
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted average under 60 days	\$ 649,914

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust ("CSAFE"), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing CSAFE. CSAFE offers two portfolios: CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND, which operates similarly to a money market fund in which each share is equal in value to \$1, offers daily liquidity. CSAFE may invest in US Treasury securities, repurchase agreements collateralized by US Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under CRS 24-75-601.1.

CSAFE CORE, a variable net asset value ("NAV") local government investment pool, offers weekly liquidity and is managed to approximate a \$2 transactional share price. CSAFE CORE may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities, certain obligations of US government agencies, and highest rated commercial paper.

See independent auditor's report.

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

A designated custodial bank serves as custodian for CSAFE's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE'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 CSAFE. CSAFE is rated AAAM by FitchRatings. CSAFE records its investment at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

4. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2022:

	Balance 01-01-22	Additions	Repayments / Amortization	Balance 12-31-22	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2020 Bonds	\$ 12,335,000	\$ -	\$ -	\$ 12,335,000	\$ -
Total bonds	12,335,000	-	-	12,335,000	-
Other long-term obligations:					
Developer advances	153,500	-	-	153,500	-
Accrued interest on developer advances	127,354	22,838	-	150,192	-
Total other long-term obligations	280,854	22,838	-	303,692	-
Total long-term obligations	\$ 12,615,854	\$ 22,838	\$ -	\$ 12,638,692	\$ -

Series 2020 General Obligation Limited Tax Refunding Bonds

On June 9, 2020, the District issued Series 2020 General Obligation Limited Tax Refunding Bonds ("Series 2020 Bonds") for the purpose of: (i) paying the costs of refunding the previously issued bonds; (ii) funding reserves and capitalized interest; and (iii) paying other costs incurred in connection with the issuance of the Series 2020 Bonds and the refunding of the previously issued bonds. The Series 2020 Bonds were issued in the amount of \$12,335,000. The bonds bear interest at the rate of 5.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of pledged revenues available on each June 1 and December 1, and mature on December 1, 2049.

The District is required to maintain bond payment and surplus cash accounts. The purpose of the surplus cash account is to provide adequate reserves to meet principal and interest requirements if the bond account does not have enough funding. The reserve account is required to be maintained as long as the bonds are outstanding.

Pledged revenues

The bonds are secured by and payable from the pledged revenue consisting of monies derived by the District from the following sources, net of any collection costs: (a) required mill levy; (b) capital fees; and (c) any other legally available monies which the District determines to be treated as pledged revenue. The bonds are also secured by amounts held by the trustee in the surplus fund. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable and to make up any deficiencies in the surplus fund. The mill levy is adjusted for changes in the ratio of actual value to assessed value of property within the District.

See independent auditor's report.

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Optional redemption

The Series 2020 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on June 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2025 to May 31, 2026	3.00%
June 1, 2026 to May 31, 2027	2.00%
June 1, 2027 to May 31, 2028	1.00%
June 1, 2028 and thereafter	0.00%

The District's long-term obligations on the 2020 Series Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 616,750	\$ 616,750
2024	55,000	616,750	671,750
2025	115,000	614,000	729,000
2026	170,000	608,250	778,250
2027	190,000	599,750	789,750
2028 - 2032	1,250,000	2,836,250	4,086,250
2033 - 2037	1,800,000	2,471,750	4,271,750
2038 - 2042	2,550,000	1,950,250	4,500,250
2043 - 2047	3,495,000	1,223,500	4,718,500
2048 - 2052	2,710,000	228,750	2,938,750
Total	<u>\$ 12,335,000</u>	<u>\$ 11,766,000</u>	<u>\$ 24,101,000</u>

Events of default

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. The District defaults in the performance and fails or refuses to impose the required mill levy or to apply the pledged revenue as required by the indenture.
- ii. The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the indenture or the bond resolution, and such default continues for 30 days after written notice specifying such default and requiring the same to be remedied is given to the District by the owners of 25% in aggregate principal amount of the bonds then outstanding.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that, due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due does not, in itself, constitute an event of default under the indenture.

See independent auditor's report.

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

Upon the occurrence and continuance of an event of default, the trustee has the following rights and remedies which may be pursued:

- i. Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners, the trustee is entitled as a matter of right to the appointment of one or more receivers of the trust estate and of the revenues, income, product and profits thereof pending such proceedings, subject, however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the trustee is entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indenture to, the trustee.
- ii. Suit for judgment: The trustee may proceed to protect and enforce its rights and the rights of the owners by such suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.
- iii. Mandamus or other suit: The owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

Notwithstanding the foregoing or anything else herein to the contrary, acceleration will not be an available remedy for an event of default.

Developer advances

Operating funding agreements

On November 15, 2005, the District entered into a reimbursement agreement with two developers, Sand Creek Investments South, LLC, and Marksheffel Business Center Investments ("Developers"), under which the District will reimburse the developers for the costs of district formation, operations, maintenance expenses, and improvements that benefit the District and development within the District. The District agreed to repay such advances plus interest at 8.00% per annum. Principal and interest repayments are expected to be made from the District's bond proceeds. The developer advances do not constitute a lien or encumbrance upon any bond proceeds now or hereafter held by the District, except to the extent the District appropriates such bond proceeds for the specific purpose of reimbursement repayments. As of December 31, 2022, developer advances totaled \$153,500 and accrued interest related to the developer advances totaled \$150,192.

5. NET POSITION

The District has net position consisting of restricted and unrestricted.

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2022 as follows:

Restricted net position:

Debt service (Note 4)	\$ 666,406
Emergency reserve (Note 9)	<u>1,500</u>
	<u>\$ 667,906</u>

The District's unrestricted net position as of December 31, 2022, totaled a deficit of \$12,688,861.

6. INTERGOVERNMENTAL AGREEMENTS

On November 30, 2006, the District entered into an intergovernmental agreement ("IGA") with Central Marksheffel Metropolitan District to finance and construct certain road improvements to a portion of Marksheffel Road.

See independent auditor's report.

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

On September 22, 2009, the District entered into an IGA with the County which provided for the construction of the middle portion of Marksheffel Road by the County with Pikes Peak Regional Transportation Authority ("PPRTA") funds. Upon entering this IGA, the County contemporaneously entered into the November 4, 2008, IGA. Under the terms of the 2009 IGA, the District agreed to deed certain property to the County and to contribute up to \$2,788,841 for the cost of design, engineering, and construction of Akers Drive (one of the deeded properties) and Marksheffel Road, including \$588,841 for the cost of improvements to Akers Drive and \$2,200,000 for Marksheffel Road improvements. After contributing \$185,000 for the value of work completed to date on Marksheffel Road, the County will be reimbursed for the balance of the Marksheffel Road improvement costs by collecting a building permit fee, recorded against certain properties within the District and against properties within the impact area of the improvements.

7. RELATED PARTIES

The members of the board of directors are officers, employees, or associated with the developers and may have conflicts of interest in dealing with the District.

8. RISK MANAGEMENT

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

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

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

9. 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. The District's voters approved a ballot issue allowing the District to retain all revenues.

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.

District 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.

* * * * *

See independent auditor's report.

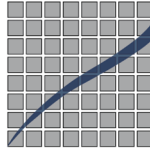
SUPPLEMENTARY INFORMATION

DRAFT

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE (BUDGET AND ACTUAL)
DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance
<u>REVENUES</u>			
Property taxes	\$ 576,030	\$ 576,498	\$ 468
Investment income	-	14,583	14,583
Total revenues	576,030	591,081	15,051
<u>EXPENDITURES</u>			
Accounting and audit	9,000	-	9,000
County Treasurer fees	8,640	8,647	(7)
Bank charges	4,100	4,690	(590)
Bond interest payments	616,750	616,750	-
Miscellaneous	5,000	-	5,000
Total expenditures	643,490	630,087	4,403
Excess of revenues over expenditures	(67,460)	(39,006)	19,454
Net change in fund balance	\$ (67,460)	(39,006)	\$ 19,454
Fund balance, beginning of year		705,412	
Fund balance, end of year		\$ 666,406	

See independent auditor's report.



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

July 10, 2023

Constitution Heights Metropolitan District
El Paso County, Colorado
Board of Directors

We have audited the financial statements of Constitution Heights 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 May 24, 2023. Professional standards also require that we communicate to you the following related to our audit.

Significant Audit Matters

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. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2022. 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 estimate affecting the financial statements related to:

- Property taxes

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

- The disclosure of 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.

Other Matters

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.

Internal Controls

In planning and performing our audit of the financial statements of the District as of and for the year ended December 31, 2022, 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.

We consider the following to be significant deficiencies:

- *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.

Adjusting Journal Entries

Adjusting Journal Entries

Adjusting Journal Entries JE # 1

ADJUSTING: To roll-forward equity.

3210	Copies/Printing/Office Supplies	98.00	
3200	Retained Earnings		98.00
Total		98.00	98.00

Adjusting Journal Entries JE # 2

ADJUSTING: To record unpaid interest on developer advances.

4473	Interest Expense - Developer Advances	22,838.00	
2325	Acc Int-Sand Creed Inv		18,426.00
2326	Acc Int-Marksheffel Bus Cen Inv		4,412.00
Total		22,838.00	22,838.00

Reclassifying Journal Entries

Reclassifying Journal Entries

Reclassifying Journal Entries JE # 3

BOOKKEEPING: To reclassify the bank service charges recorded as interest expense.

4205	Bank Service Charges:Bonds	514.00	
4470	Interest Expense		514.00
Total		514.00	514.00

DRAFT

CONSTITUTION HEIGHTS METROPOLITAN DISTRICT

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 Constitution Heights Metropolitan District (“District”), which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2022, and the respective changes in financial position, the respective budgetary comparison for the general fund 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

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

2. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 13, 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:

Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
ADJUSTING: To roll-forward equity.			
3210	Copies/Printing/Office Supplies	98.00	
3200	Retained Earnings	<u> </u>	<u>98.00</u>
Total		<u>98.00</u>	<u>98.00</u>

Adjusting Journal Entries JE # 2

ADJUSTING: To record unpaid interest on developer advances.

4473	Interest Expense - Developer Advances	22,838.00	
2325	Acc Int-Sand Creed Inv		18,426.00
2326	Acc Int-Marksheffel Bus Cen Inv		4,412.00
Total		22,838.00	22,838.00

Reclassifying Journal Entries**Reclassifying Journal Entries JE # 3**

BOOKKEEPING: To reclassify the bank service charges recorded as interest expense.

4205	Bank Service Charges:Bonds	514.00	
4470	Interest Expense		514.00
Total		514.00	514.00

Information Provided

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

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 responsible 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.

Constitution Heights Metropolitan District

_____	_____	_____
Board Member Signature	Printed Name	Title
_____	_____	_____
Manager Signature	Printed Name	Title



Constitution Heights Metropolitan District
PAYMENT REQUEST
7/18/2023
GENERAL FUND ACCOUNT

Company	Invoice	Date	Amount
White Bear Ankele Tanaka Waldron	29090	6/30/2023	\$ 561.81
WSDM District Managers	7476	6/30/2023	\$ 2,495.52
TOTAL			\$ 3,057.33

BOND FUND ACCOUNT

Company	Date	Amount	Comments
Transfer El Paso County Taxes	6/10/2023	\$ 236,901.71	June
TOTAL		\$ 236,901.71	

Constitution Heights Board of Director

Total Pay Out Funds: **\$ 239,959.04**