

City Center West Residential Metropolitan District

**Financial Statements
December 31, 2020**

**City Center West Residential Metropolitan District
Financial Statements
December 31, 2020**

Table of Contents

| | Page |
|--|-------------|
| INDEPENDENT AUDITOR'S REPORT | A1 – A2 |
| Government-wide Financial Statements: | |
| Balance Sheet/Statement of Net Position | B1 |
| Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities | B2 |
| Notes to the Financial Statements | C1 - C14 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | D1 |
| Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual: | |
| Debt Service Fund | E1 |
| Capital Projects Fund | E2 |



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors City Center West Residential Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each fund of the City Center West Residential Metropolitan District (the "District"), as of and for the year ended December 31, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of the City Center West Residential Metropolitan District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Other Matters

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America have determined necessary to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinions on the basic financial statements are not affected by the missing information.

The budgetary schedule for the General Fund in section D is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
September 16, 2021**

FINANCIAL STATEMENTS

**City Center West Residential Metropolitan District
Balance Sheet/
Statement of Net Position
December 31, 2020**

| | Balance Sheet | | | | Adjustments | Statement of Net Position |
|--|-------------------------|----------------------------------|--------------------------------------|-----------------|--------------------|--------------------------------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | Total | | |
| Assets: | | | | | | |
| Cash and investments - Unrestricted | - | 12,826 | - | 12,826 | - | 12,826 |
| Cash with County Treasurer | 20 | 98 | - | 118 | - | 118 |
| Interfund balances | (13,056) | 19,515 | (6,459) | - | - | - |
| Property tax receivable | 5,508 | 27,538 | - | 33,046 | - | 33,046 |
| Prepaid expenses | 450 | - | - | 450 | - | 450 |
| Total Assets | (7,078) | 59,977 | (6,459) | 46,440 | - | 46,440 |
| Liabilities: | | | | | | |
| Accounts payable | 2,441 | - | - | 2,441 | - | 2,441 |
| Due to Commercial District | 2,013 | 32,439 | - | 34,452 | - | 34,452 |
| Accrued developer interest payable | - | - | - | - | 37,659 | 37,659 |
| Developer advance payable - operating | - | - | - | - | 216,125 | 216,125 |
| Total Liabilities | 4,454 | 32,439 | - | 36,893 | 253,784 | 290,677 |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable property taxes | 5,508 | 27,538 | - | 33,046 | - | 33,046 |
| Total Deferred Inflows of Resources | 5,508 | 27,538 | - | 33,046 | - | 33,046 |
| Fund Balance/Net Position: | | | | | | |
| Fund Balance: | | | | | | |
| Restricted for emergency | 1,416 | - | - | 1,416 | (1,416) | - |
| Unassigned | (18,456) | - | (6,459) | (24,915) | 24,915 | - |
| Total Fund Balance | (17,040) | - | (6,459) | (23,499) | 23,499 | - |
| Total Liabilities and Fund Balance | (7,078) | 59,977 | (6,459) | 46,440 | (46,440) | - |
| Net Position: | | | | | | |
| Restricted for emergency | | | | | 1,416 | 1,416 |
| Unrestricted | | | | | (278,699) | (278,699) |
| Total Net Position | | | | | (277,283) | (277,283) |

The accompanying notes are an integral part of these financial statements.

City Center West Residential Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance/
Statement of Activities
For the Year Ended December 31, 2020

| | Statement of Revenues, Expenditures and Changes in Fund Balance | | | | Adjustments | Statement of Activities |
|--|--|----------------------------------|--------------------------------------|------------------|--------------------|------------------------------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | Total | | |
| Revenues: | | | | | | |
| Property tax | 5,387 | 26,936 | - | 32,323 | - | 32,323 |
| Specific ownership tax | 256 | 1,280 | - | 1,536 | - | 1,536 |
| Payment from Commercial District | - | 3,291,947 | - | 3,291,947 | - | 3,291,947 |
| Net investment income | - | 1,800 | - | 1,800 | - | 1,800 |
| Miscellaneous income | 56 | - | - | 56 | - | 56 |
| Total Revenues | <u>5,699</u> | <u>3,321,963</u> | <u>-</u> | <u>3,327,662</u> | <u>-</u> | <u>3,327,662</u> |
| Expenditures/Expenses: | | | | | | |
| Accounting and audit | 14,968 | - | - | 14,968 | - | 14,968 |
| Election | 1,007 | - | - | 1,007 | - | 1,007 |
| Legal | 8,850 | - | - | 8,850 | - | 8,850 |
| Insurance | 3,318 | - | - | 3,318 | - | 3,318 |
| Maintenance and utilities | 7,013 | - | - | 7,013 | - | 7,013 |
| Miscellaneous | 110 | - | - | 110 | - | 110 |
| District management | 11,850 | - | - | 11,850 | - | 11,850 |
| County Treasurer's fees | 82 | 408 | - | 490 | - | 490 |
| Debt service: | | | | | | |
| Principal | - | 3,548,000 | - | 3,548,000 | (3,548,000) | - |
| Interest | - | 178,193 | - | 178,193 | (77,287) | 100,906 |
| Total Expenditures/Expenses | <u>47,198</u> | <u>3,726,601</u> | <u>-</u> | <u>3,773,799</u> | <u>(3,625,287)</u> | <u>148,512</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (41,499) | (404,638) | - | (446,137) | 446,137 | - |
| Other Financing Sources (Uses): | | | | | | |
| Developer advance - operating | 64,318 | - | - | 64,318 | (64,318) | - |
| Developer reimbursement - capital | - | - | (106,525) | (106,525) | 106,525 | - |
| Developer reimbursement - interest | - | - | (22,952) | (22,952) | 22,952 | - |
| Transfers in (out) | - | (129,477) | 129,477 | - | - | - |
| Total Other Financing Sources (Uses) | <u>64,318</u> | <u>(129,477)</u> | <u>-</u> | <u>(65,159)</u> | <u>65,159</u> | <u>-</u> |
| Change in Fund Balance | 22,819 | (534,115) | - | (511,296) | - | - |
| Change in Net Position | | | | | 3,179,150 | 3,179,150 |
| Fund Balance/Net Position: | | | | | | |
| Beginning of the year | (39,859) | 534,115 | (6,459) | 487,797 | | (3,456,433) |
| End of the year | <u>(17,040)</u> | <u>-</u> | <u>(6,459)</u> | <u>(23,499)</u> | | <u>(277,283)</u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020

I. Summary of Significant Accounting Policies

City Center West Residential Metropolitan District (the “District”), a quasi-municipal corporation, was organized on April 17, 2008, and is governed pursuant to provisions of the Colorado Special District Act. Organization of the District was preceded by the September 4, 2007 approval by the City Council of the City of Greeley (the “City”) of a Consolidated Service Plan (the “Original Service Plan”) for the District and City Center West Commercial Metropolitan District (the “Commercial District”). The Original Service Plan was superseded by the August 16, 2016 approval by the City Council of the Second Amended and Restated Service Plan for the District, the Commercial District and City Center West Residential Metropolitan District No. 2 (the “Service Plan”). It is anticipated in the Service Plan that substantially all of the public improvements will be dedicated to the City of Greeley (the “City”). The District currently contains approximately 2.939 acres of property located in the northwestern portion of the City.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

A. Reporting Entity

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act. The reporting entity consists of (a) the primary government (i.e., the District), and (b) organizations for which the District is financially accountable or the organization’s primary purpose is to benefit the District. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

The District is not financially accountable for any entity based on the above criteria nor is the District a component unit of any other entity.

B. Government-wide and Fund Financial Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

1. Government-wide Financial Statements

In the Statement of Net Position, the District’s activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three parts—invested in capital assets, net of related debt; restricted; and unrestricted net position.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The focus of the Statement of Net Position and the Statement of Activities is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. The District reports the following governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The Debt Service Fund accounts for property taxes levied for debt payment on general obligation bonds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital assets.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days of December 31) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

2. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management reports the target amounts annually to the Board of Directors.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

| | |
|---------------------------------------|------------|
| Developer advance payable - operating | \$ 216,125 |
| Developer interest payable | 37,659 |

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

B. Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

| | |
|------------------------------------|----------------|
| Bond principal repayment | \$ (3,548,000) |
| Developer advance - operating | (64,318) |
| Developer reimbursement - capital | 106,525 |
| Developer reimbursement - interest | 22,952 |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

| | |
|----------------------------|-------------|
| Change in accrued interest | \$ (77,287) |
|----------------------------|-------------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds is adopted on a basis consistent with U.S. generally accepted accounting principles ("GAAP").

- (1) For the 2020 budget, prior to August 25, 2019, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2019 only once by a single notification to the District.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

- (2) On or before October 15, 2019, the District's management submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2020 budget, prior to December 15, 2019, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) supplement appropriations to the extent of revenues in excess of those estimated in the budget; (c) emergency appropriations; and (d) reduce appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District restricted \$1,416 of its December 31, 2020 year-end fund balance in the General Fund for emergencies.

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.)

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On November 6, 2007, and May 6, 2014, the District's voters approved the ballot issues identified below. A summary of the approved annual revenue and debt increases is as follows:

| Ballot Issue | Tax Maximum | Debt Maximum | Purpose, as may be defined more specifically in the ballot issue |
|---------------------|--------------------|---------------------|---|
| 5S/5A | 2,500,000 | not applicable | Administration, operations, maintenance, capital expenses |
| 5T/5B | 4,000,000 | not applicable | Administration, operations, maintenance, capital expenses |
| 5U/5C | 100,000,000 | not applicable | Intergovernmental joint financing of public improvements |
| 5FF/5D | not applicable | not applicable | Authorization to collect and spend all revenues |
| 5V/5E | 136,000,000 | 40,000,000 | Street improvements |
| 5W/5F | 136,000,000 | 40,000,000 | Parks and recreational facilities |
| 5X/5G | 136,000,000 | 40,000,000 | Water infrastructure and services |
| 5Y/5H | 136,000,000 | 40,000,000 | Sewer and sanitation infrastructure and services |
| --/5I | 116,000,000 | 20,000,000 | Transportation infrastructure and services |
| 5Z/5J | 136,000,000 | 40,000,000 | Mosquito control |
| 5AA/5K | 136,000,000 | 40,000,000 | Traffic and safety controls |
| --/5L | 116,000,000 | 20,000,000 | Fire protection |
| --/5M | 116,000,000 | 20,000,000 | Television relay and translation system |
| --/5N | 116,000,000 | 20,000,000 | Public safety |
| 5BB/5O | 136,000,000 | 40,000,000 | Operating and maintenance expense |
| 5CC/5P | 340,000,000 | 100,000,000 | Debt refinancing |
| 5DD/5Q | 136,000,000 | 40,000,000 | Intergovernmental agreements or other contracts |
| 5EE/5R | not applicable | not applicable | Authorization to enter into intergovernmental agreements |

The District's management believes the District is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds

A. Deposits

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

The State Regulatory Commissions 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.

Concentration of Credit Risk: At year end, more than five percent of the District’s investments were held in UMB. Such concentration is permitted by the District’s investment policy.

B. Investments

The District has adopted a policy which requires it to follow state statutes for investments. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

C. Summary of Cash Deposits and Investments

Cash deposits and investments are reflected on the December 31, 2020 Balance Sheets as follows:

| <u>Type</u> | <u>Rating</u> | <u>Carrying Amount</u> | <u>Maturities</u> | |
|---|---------------|------------------------|---------------------------|--------------------------|
| | | | <u>Less Than One Year</u> | <u>One to Five Years</u> |
| <i>Deposits:</i> | | | | |
| Checking and on-demand accounts | | \$ 12,826 | 12,826 | |
| | | <u>\$ 12,826</u> | | |
| <u>Financial Statement Captions:</u> | | | | |
| Cash and investments - Unrestricted | | \$ 12,826 | | |
| | | <u>\$ 12,826</u> | | |

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Receivables - Developer

The balance represents cumulative costs incurred by the District which are to be reimbursed by City Center West, L.P., a Colorado limited partnership (the "Developer").

E. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

F. Long-term Obligations

1. General Obligation and Special Revenue Bonds, Series 2014A

On December 30, 2014, the District issued its \$3,790,000 Limited Tax General Obligation and Special Revenue Bonds, Series 2014A (the "2014A Bonds"). Proceeds from this bond issue were used to finance the construction of public improvements related to the development of a residential and commercial area of the City of Greeley and to reimburse the developer, City Center West, L.P., for the cost of constructing such public improvements. The interest on the Series 2014A Bonds was 6.25% and was payable semi-annually on June 1 and December 1 through 2044.

On April 9, 2020, the District refunded the 2014A Bond by utilizing the proceeds from the Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds issued by the Commercial District.

2. Subordinate General Obligation and Special Revenue Bonds, Series 2014B

On December 30, 2014, the District issued its \$400,000 Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2014B (the "2014B Bond"). Proceeds from this bond issue were used to finance the construction of public improvements related to the development of a residential and commercial area of the City of Greeley and to reimburse the developer, City Center West, L.P., for the cost of constructing such public improvements. The interest on the Series 2014B Bonds was 8% and was payable semi-annually on June 1 and December 1 through 2044. These bonds were subordinate to the Series 2014A Bonds.

On April 9, 2020, the District refunded the 2014B Bond by utilizing the proceeds from the Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds issued by the Commercial District.

3. Developer Advance Payable

In 2014, City Center West, L.P. (the "Developer") incurred various capital improvement costs for streets, water, sewer, and parks infrastructure totaling \$2,085,620. It was paid in full on April 9, 2020. As of December 31, 2020, after reimbursements from the District, the principal balance due was \$0, reported as a Developer Advance Payable - Capital.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

G. Long-term Obligations (continued)

3. Developer Advance Payable (continued)

Additionally, the Developer advanced \$216,125 for operating costs under the operation funding agreements (discussed below), which was reported as Developer Advance Payable – Operating. The total principal balance due on Developer Advance Payable-Operating as of December 31, 2020 was \$216,125.

The interest rate on the Developer Advance Payables is 8% and is to be repaid with bond proceeds.

4. Authorized, Unissued Debt

At elections held on November 6, 2007, and May 6, 2014, the District's eligible electors authorized the District to issue up to \$500,000,000 in general obligation debt (including operations and maintenance, intergovernmental agreements and debt refunding), of which \$487,161,119 remains unissued as of December 31, 2020 for the various purposes summarized in Note III.B. However, the District and the Commercial District shall not issue debt in excess of \$20,000,000 in total aggregate principal amount pursuant to the Service Plan, which is further limited to \$13,000,000 under the Debt Allocation IGA (discussed below). The Board of Directors currently has no plan to seek voter approval for general obligation indebtedness in excess of this amount.

5. Schedule of Changes in Long-term Obligations

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---------------------------------------|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| 2014A G.O. Bonds | \$ 3,148,000 | - | (3,148,000) | - | - |
| 2014B G.O. Bonds | 400,000 | - | (400,000) | - | - |
| Developer Advance Payable - Capital | 106,525 | - | (106,525) | - | - |
| Developer Advance Payable - Operating | 151,807 | 64,318 | - | 216,125 | - |
| Developer interest payable | 44,591 | 16,020 | (22,952) | 37,659 | - |
| Bond interest payable | 93,307 | - | (93,307) | - | - |
| Total | \$ 3,944,230 | 80,338 | (3,770,784) | 253,784 | - |

V. Other Information

A. 2008-2012 Operation Funding Agreement

On December 10, 2009, the District entered into a 2008-2012 Operation Funding Agreement (the "2008-2012 OFA") with City Center West, L.P., a Colorado limited partnership (the "Developer"). The 2008-2012 OFA sets forth the terms and conditions under which the Developer advanced funds to the District for operations and maintenance expenses incurred in fiscal years 2008-2012. The repayment obligation bears interest at a rate of 8%. The Developer's obligation to advance funds expired on February 28, 2013, and the District's obligation to reimburse the Developer for such advances expires on December 31, 2048. Any amounts outstanding after December 31, 2048, will be deemed discharged and satisfied in full.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

B. Amended and Restated Operation Funding Agreement

On June 2, 2014, the District entered into a 2014 Operation Funding Agreement with the Developer, which was amended by a First Amendment approved on November 12, 2014, a Second Amendment approved on November 2, 2015, a Third Amendment approved November 7, 2016, and a Fourth Amendment dated November 5, 2018 (as so amended, the "2014 OFA"). On November 2, 2020, the District and Developer entered into an Amended and Restated Operation Funding Agreement, which amended and restated the 2014 OFA in its entirety (as so amended and restated, the "Amended and Restated OFA"). The Amended and Restated OFA sets forth the terms and conditions under which the Developer will advance funds to the District for operations and maintenance expenses incurred in fiscal years 2014 through 2021 up to the Shortfall Amount. The repayment obligation bears interest at a rate of 8%. The Developer's obligation to advance funds expires upon advance to the District of amounts sufficient to pay expenses incurred in 2014 through 2021, not to exceed the Shortfall Amount and the District's obligation to reimburse the Developer for such advances expires on December 31, 2044. Any amounts outstanding after December 31, 2044, will be deemed discharged and satisfied in full. The District's reimbursement obligation under the Amended and Restated OFA is subordinate to the 2008-2012 OFA.

C. Facilities Funding and Acquisition Agreement

On November 12, 2014, the District entered into a Facilities Funding and Acquisition Agreement with the Developer which was amended by a First Amendment dated October 5, 2018 (as amended, the "FFAA"). The FFAA sets forth the terms and conditions pursuant to which the District will acquire public improvements constructed by the Developer.

As set forth above in Section IV.F.3, the amounts owed by the District under the FFAA were repaid in full by a portion of the proceeds from the Series 2020A Senior Bonds and Series 2020B Subordinate Bonds issued by the Commercial District.

D. Cost Sharing Agreement

On October 28, 2011, the Developer and NCMC+BH Greeley II, LLC, a Colorado limited liability company ("Banner") entered into and recorded a Cost Sharing Agreement (the "Agreement"), which was acknowledged by the District and the City Center West Commercial Metropolitan District (the "Commercial District" and, collectively with the District, the "Districts"). Prior to the Agreement, Banner purchased a parcel of property adjacent to the development. The Agreement sets forth the terms and conditions under which the Developer or Banner will cause the installation of and share installation costs for certain infrastructure that serves both the Developer's and Banner's property. The Agreement provides that the Districts will pay the Developer's portion of costs for the portion of the infrastructure that is contemplated by the Districts' Service Plan.

These costs will be paid from bond proceeds if: (i) the Districts issue and sell bonds related to the Service Plan infrastructure, (ii) funds are available from such bonds, and (iii) the Developer and Banner enter into a facility funding agreement related to the Service Plan. The Developer and Banner have not yet entered into a facility funding agreement as of December 31, 2020.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

E. Capital Pledge Agreement

On December 1, 2014, the Commercial District entered into a Capital Pledge Agreement with the District that required the Commercial District to impose ad valorem property taxes for payment of the Series 2014A Senior Bonds, the Series 2014B Subordinate Bonds, and any Additional Revenue Obligations (the "2014 Capital Pledge Agreement"). The lien on the pledged revenues had priority over any or all other obligations and liabilities of the Commercial District. The District's Series 2014A Senior Bonds and 2014B Subordinate Bonds were refunded by the Commercial District's April 9, 2020 issuance of its Series 2020A Senior Bonds and Series 2020B Subordinate Bonds, and therefore, the 2014 Capital Pledge Agreement is no longer in effect.

On April 9, 2020, the District entered into a Capital Pledge Agreement with the Commercial District under which the District agreed to pledge certain revenue to the Commercial District for the repayment of the Commercial District's Series 2020A Senior Bonds, Series 2020B Subordinate Bonds, and Additional Obligations, including revenue generated from the imposition of the District Required Mill Levy, specific ownership taxes derived from the imposition of the District Required Mill Levy, and revenue remitted to or collected by the District that is generated from the imposition of payments in lieu of taxes (PILOTs) pursuant to recorded covenants (collectively, the "Residential District Pledged Revenue"). The lien on the Residential District Pledged Revenue has priority over any or all other obligations and liabilities of the District.

F. Intergovernmental Agreement with the City of Greeley, Colorado

On November 12, 2014, the District entered into an intergovernmental agreement with the City of Greeley, Colorado, (the "City") as required by the Service Plan. This agreement states the District will not take any action, including the issuance of any obligations or the imposition of any tax, which would constitute a material departure from the terms of the Service Plan. Any material departure from the terms of the Service Plan will entitle the City to protect and enforce its rights by such suit, action, or special proceedings as the City deems appropriate.

On June 6, 2019, the District, the Commercial District and City Center West Residential District No. 2 entered into an Intergovernmental Agreement Regarding Debt Allocation (the "Debt Allocation IGA"). Pursuant to the Debt Allocation IGA, the District, the Commercial District and City Center West Residential District No. 2 acknowledge that the Service Plan establishes a combined total aggregate debt limitation for all three districts of \$20,000,000 (the "Service Plan Debt Limit") and that the three districts are responsible for the provision, financing, construction, operation and maintenance of public infrastructure within the collective service area of the three districts. Under the Debt Allocation IGA, the District and the Commercial District are allocated \$13,000,000 of the Service Plan Debt Limit and City Center West Residential District No. 2 is allocated \$7,000,000 of the Service Plan Debt Limit. The three districts may agree to reallocate the Service Plan Debt Limit upon written agreement.

G. Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; or errors or omissions. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool").

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

G. Colorado Special Districts Property and Liability Pool (continued)

The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. There have been no claims in any of the past three years.

The District pays annual premiums to the Pool for liability, property and public official's 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.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2020 (the latest audited information available) is as follows:

| | |
|--------------------------|----------------------|
| Assets | <u>\$ 59,612,386</u> |
| Liabilities | \$ 37,710,994 |
| Capital and surplus | <u>21,901,392</u> |
| Total | <u>\$ 59,612,386</u> |
| Revenue | \$ 22,950,296 |
| Underwriting expenses | <u>23,825,575</u> |
| Underwriting gain (loss) | \$ (875,279) |
| Other income | <u>903,033</u> |
| Net income (loss) | <u>\$ 27,754</u> |

H. Related Party Transactions

All members of the Board of Directors are either officers or employees of entities related to the Developer.

I. Inclusion Covenant (8 Acres)

On March 11, 2020, the District, the Commercial District, and BV Retail Land Holdings, LLLP ("BV Retail"), entered into an Inclusion Covenant (8 Acres), under which BV Retail covenanted that upon the occurrence of a triggering event, certain property it owns will be included into either the District or Commercial District, as applicable, and that if such property is not included into one of the districts after a triggering event, or not included within 5 years of the effective date of the Inclusion Covenant (8 Acres), it will be subject to a covenant imposing a payment in lieu of taxes that is equivalent to the debt service mill levy imposed by the Commercial District.

J. Inclusion Agreement for 8-Acre Parcel

On March 11, 2020, the District, the Commercial District, and BV Retail Land Holdings, LLLP ("BV Retail"), entered into an Inclusion Agreement for 8-Acre Parcel, under which BV Retail agreed that upon the occurrence of a triggering event, certain property it owns will be included into either the District or Commercial District.

City Center West Residential Metropolitan District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

J. Inclusion Agreement for 8-Acre Parcel (continued)

The Inclusion Agreement for 8-Acre Parcel also provides that, in the event such property becomes tax exempt, it will be subject to a covenant imposing a payment in lieu of taxes that is equivalent to the mill levies imposed by the District or Commercial District, as applicable, and that if such property is not included into either the District or Commercial District within 5 years of the effective date of the Inclusion Covenant (8 Acres), such property would be subject to a covenant imposing a payment in lieu of taxes that is equivalent to the debt service mill levy imposed by the Commercial District.

K. Exclusion/Inclusion Agreement for 20-Acre Parcel

On March 11, 2020, the District, the Commercial District, and the Developer entered into an Exclusion/Inclusion Agreement for 20-Acre Parcel, under which the Developer agreed that, to the extent any property that it owns within the 20 acre parcel becomes residential property, such property shall be included into the District, or, that such property will be excluded from the Commercial District and subsequently included into the District, as applicable, and that such property will thereafter be subject to the District's mill levies.

REQUIRED SUPPLEMENTARY INFORMATION

City Center West Residential Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2020
With Comparative Actual Amounts For the Year Ended 2019

| | 2020 | | | 2019 |
|--|--|-----------------|---|-----------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues: | | | | |
| Property tax | 5,387 | 5,387 | - | 10,037 |
| Specific ownership tax | 600 | 256 | (344) | 687 |
| Miscellaneous income | - | 56 | 56 | - |
| Total Revenues | <u>5,987</u> | <u>5,699</u> | <u>(288)</u> | <u>10,724</u> |
| Expenditures: | | | | |
| Accounting and audit | 15,500 | 14,968 | 532 | 14,168 |
| Election | 2,500 | 1,007 | 1,493 | - |
| Legal | 9,500 | 8,850 | 650 | 19,508 |
| Insurance | 3,500 | 3,318 | 182 | 3,063 |
| Maintenance and utilities | 16,000 | 7,013 | 8,987 | - |
| Miscellaneous | 500 | 110 | 390 | 245 |
| District management | 7,000 | 11,850 | (4,850) | 8,389 |
| County Treasurer's fees | 81 | 82 | (1) | 151 |
| Emergency reserves | 1,688 | - | 1,688 | - |
| Total Expenditures | <u>56,269</u> | <u>47,198</u> | <u>9,071</u> | <u>45,524</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(50,282)</u> | <u>(41,499)</u> | <u>8,783</u> | <u>(34,800)</u> |
| Other Financing Sources (Uses): | | | | |
| Developer advance | 50,282 | 64,318 | 14,036 | 37,061 |
| Total Other Financing Sources (Uses) | <u>50,282</u> | <u>64,318</u> | <u>14,036</u> | <u>37,061</u> |
| Change in Fund Balance | - | 22,819 | 22,819 | 2,261 |
| Fund Balance - Beginning | <u>-</u> | <u>(39,859)</u> | <u>(39,859)</u> | <u>(42,120)</u> |
| Fund Balance - Ending | <u>-</u> | <u>(17,040)</u> | <u>(17,040)</u> | <u>(39,859)</u> |

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

City Center West Residential Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2020
With Comparative Actual Amounts For the Year Ended 2019

| | <u>2020</u> | | <u>Variance Positive (Negative)</u> | <u>2019</u> |
|--|--|------------------|---|----------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | | <u>Actual</u> |
| Revenues: | | | | |
| Property tax | 26,935 | 26,936 | 1 | - |
| Specific ownership tax | - | 1,280 | 1,280 | - |
| Payment from Commercial District | 3,846,026 | 3,291,947 | (554,079) | 177,001 |
| Net investment income | - | 1,800 | 1,800 | 7,785 |
| Total Revenues | <u>3,872,961</u> | <u>3,321,963</u> | <u>(550,998)</u> | <u>184,786</u> |
| Expenditures: | | | | |
| Principal | 3,573,000 | 3,548,000 | 25,000 | 25,000 |
| Interest | 273,026 | 178,193 | 94,833 | 288,550 |
| County Treasurer's fees | 404 | 408 | (4) | - |
| Paying agent fees | 5,500 | - | 5,500 | 5,500 |
| Total Expenditures | <u>3,851,930</u> | <u>3,726,601</u> | <u>125,329</u> | <u>319,050</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 21,031 | (404,638) | (425,669) | (134,264) |
| Other Financing Sources (Uses): | | | | |
| Transfers in (out) | (569,894) | (129,477) | 440,417 | - |
| Total Other Financing Sources (Uses) | <u>(569,894)</u> | <u>(129,477)</u> | <u>440,417</u> | <u>-</u> |
| Change in Fund Balance | (548,863) | (534,115) | 14,748 | (134,264) |
| Fund Balance - Beginning | <u>575,394</u> | <u>534,115</u> | <u>(41,279)</u> | <u>668,379</u> |
| Fund Balance - Ending | <u>26,531</u> | <u>-</u> | <u>(26,531)</u> | <u>534,115</u> |

The accompanying notes are an integral part of these financial statements.

City Center West Residential Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2020
With Comparative Actual Amounts For the Year Ended 2019

| | <u>2020</u> | | | <u>2019</u> |
|---|--|-----------------------|---|-----------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Actual</u> |
| Expenditures: | | | | |
| Legal | - | - | - | 2,039 |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,039</u> |
| (Deficiency) of Revenues Over Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,039)</u> |
| Other Financing Sources (Uses): | | | | |
| Developer reimbursement - capital | - | (106,525) | (106,525) | - |
| Developer reimbursement - interest | - | (22,952) | (22,952) | - |
| Operating transfers in (out) | <u>-</u> | <u>129,477</u> | <u>129,477</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in Fund Balance | - | - | - | (2,039) |
| Fund Balance - Beginning | <u>-</u> | <u>(6,459)</u> | <u>(6,459)</u> | <u>(4,420)</u> |
| Fund Balance - Ending | <u><u>-</u></u> | <u><u>(6,459)</u></u> | <u><u>(6,459)</u></u> | <u><u>(6,459)</u></u> |

The accompanying notes are an integral part of these financial statements.