

## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
Tel: 303-987-0835 · 800-741-3254  
Fax: 303-987-2032

### **NOTICE OF A SPECIAL MEETING AND AGENDA**

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
James R. Einolf	President	2023/May 2023
Jeffrey L. Nading	Treasurer	2022/May 2022
Michael A. Clay	Assistant Secretary	2023/May 2023
Phillip A. Johnson	Assistant Secretary	2023/May 2023
Christy L. Tigges	Assistant Secretary	2022/May 2022
David Solin	Secretary	

**DATE**      **June 10, 2021 (Thursday)**

**TIME:**      **1:00 P.M.**

PLACE:      **Zoom Meeting: Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this meeting will be held via Zoom without any individuals (neither District representatives nor the general public) attending in person. The meeting can be joined through the directions below:**

Join Zoom Meeting

<https://zoom.us/j/95440956801?pwd=UktDUWo0RnY0VnRRZnh5bG85Y2piUT09>

Meeting ID: 954 4095 6801

Passcode: 289241

Dial-In: 1-253-215-8782

#### I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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B. Confirm quorum. Confirm location/manner of the meeting and posting of meeting notices. Approve agenda.

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#### II. PUBLIC COMMENTS

A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.

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III. FINANCIAL MATTERS

- A. Ratify approval of payment of claims for the period beginning October 1, 2020 through May 31, 2021 totaling \$30,882.08 (enclosure).

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- B. Review and accept the unaudited financial statements and schedule of Cash Position for the period ending March 31, 2021 (enclosure).

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- C. Consider approval of 2020 Audit and authorize execution of the Representations Letter (enclosure).

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IV. LEGAL MATTERS – **ADJOURN TO EXECUTIVE SESSION, IF NECESSARY**

- A. Discuss Status of Refunding District Bonds:

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  - 1. Discuss status of new agreement with Great Western Park, LLC, relating to the Amended and Restated Facilities Funding and Acquisition Agreement, and authorize necessary actions in conjunction therewith.

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  - 2. Discuss and authorize necessary actions in conjunction with proceeding with the refunding of the District's Bonds.

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V. OTHER BUSINESS

- A. 

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VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 10, 2021.**

Account	PO/Cont	Check #	Invoice	Date	Date Paid	Description	Amount
01-000-06750	0	2449	01 2021	01/31/2021	02/25/2021	01 Legal Svcs	2,602.00
	**** TOTAL ****			McGeady Becher P.C.			2,602.00
01-000-06100	0	2450	01 2021	01/31/2021	02/25/2021	01 Management Svcs	1,657.00
	**** TOTAL ****			Special District Management			1,657.00
01-000-06700	0	2451	2021 SDA	02/22/2021	02/25/2021	2021 SDA Dues	412.60
	**** TOTAL ****			Special District Association			412.60
02-000-06680	0	2452	765396	07/12/2020	02/25/2021	Paying Agent Fee - 2016B	2,300.00
02-000-06680	0	2452	765397	07/12/2020	02/25/2021	Paying Agent Fee - 2016A	3,200.00
	**** TOTAL ****			UMB Bank, N.A.			5,500.00
01-000-06170	0	2453	28163	01/31/2021	02/25/2021	01 Accounting Svcs	994.84
	**** TOTAL ****			Simmons & Wheeler			994.84
01-000-06850	0	2454	1748274	10/29/2020	02/25/2021	10 29 2020 Legal Pub	51.48
	**** TOTAL ****			Prairie Mountain Media			51.48
01-000-06750	0	2455	02 937B	02/28/2021	03/30/2021	02 21 Legal	4,218.00
	**** TOTAL ****			McGeady Becher P.C.			4,218.00
01-000-06100	0	2456	02 21	02/28/2021	03/30/2021	02 21 Management Fees	1,366.20
	**** TOTAL ****			Special District Management			1,366.20
01-000-06170	0	2457	30187	02/28/2021	03/30/2021	02 21 Accounting	1,647.50
	**** TOTAL ****			Simmons & Wheeler			1,647.50
02-000-06180	0	2458	86343	03/09/2021	03/30/2021	Debt Review	5,000.00
	**** TOTAL ****			Ehlers and Associates			5,000.00
01-000-06750	0	2459	03 21 937B	03/31/2021	05/19/2021	03 21 Legal Svcs	288.50
01-000-06750	0	2459	4 21 937B	04/30/2021	05/19/2021	04 21 Legal Svcs	4,197.00
	**** TOTAL ****			McGeady Becher P.C.			4,485.50
01-000-06100	0	2460	03 21 Mgmt	03/31/2021	05/19/2021	03 21 District Mgmt Svcs	409.61
01-000-06100	0	2460	4 21 Mgmt	04/30/2021	05/19/2021	04 21 District Mgmt Svcs	1,226.00
	**** TOTAL ****			Special District Management			1,635.61
01-000-06170	0	2461	30407	03/31/2021	05/19/2021	03 21 Accounting Svcs	1,311.35
	**** TOTAL ****			Simmons & Wheeler			1,311.35
	*** GRAND TOTAL ***						30,882.08

Great Western Park Metropolitan District No. 2  
Financial Statements

March 31, 2021

ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
Great Western Park Metropolitan District No. 2

Management is responsible for the accompanying financial statements of each major fund of Great Western Park Metropolitan District No. 2, as of and for the period ended March 31, 2021, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Great Western Park Metropolitan District No. 2 because we performed certain accounting services that impaired our independence.

*Simmons & Wheeler P.C.*

June 5, 2021  
Englewood, Colorado

**Great Western Park Metropolitan District No.2**  
**Combined Balance Sheet**  
**March 31, 2021**

**See Accountant's Compilation Report**

	General <u>Fund</u>	Debt Service <u>Fund</u>	Account <u>Groups</u>	Total <u>All Funds</u>
<b>Assets</b>				
<b>Current assets</b>				
Cash checking	\$ 2,255	\$ -	\$ -	\$ 2,255
Cash - Colotrust	103,991	233,795	-	337,786
Cash - Trustee	-	1,976,773	-	1,976,773
Cash with County Treasurer	32,395	227,608	-	260,003
	<u>138,641</u>	<u>2,438,176</u>	<u>-</u>	<u>2,576,817</u>
<b>Other assets</b>				
Fixed assets	-	-	665,178	665,178
Amount available in debt service fund	-	-	2,438,176	2,438,176
Amount to be provided for retirement of debt	-	-	20,132,893	20,132,893
	<u>-</u>	<u>-</u>	<u>23,236,247</u>	<u>23,236,247</u>
	<u>\$ 138,641</u>	<u>\$ 2,438,176</u>	<u>\$ 23,236,247</u>	<u>\$ 25,813,064</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 2,009	\$ -	\$ -	\$ 2,009
	<u>2,009</u>	<u>-</u>	<u>-</u>	<u>2,009</u>
GO Bonds, Series 2016A	-	-	10,990,000	10,990,000
GO Bonds, Series 2016B	-	-	1,555,000	1,555,000
GO Bonds, Series 2016B Accrued Interest	-	-	335,339	335,339
Developer Advances - FFA	-	-	8,049,453	8,049,453
Accrued Interest - FFA	-	-	1,602,563	1,602,563
Developer Advances - Operations	-	-	29,451	29,451
Accrued Interest - Operations	-	-	9,263	9,263
	<u>-</u>	<u>-</u>	<u>22,571,069</u>	<u>22,571,069</u>
<b>Total liabilities</b>	<u>2,009</u>	<u>-</u>	<u>22,571,069</u>	<u>22,573,078</u>
<b>Fund equity and other credits</b>				
Investment in fixed assets	-	-	665,178	665,178
Fund balance - Reserve Fund	-	871,750	-	871,750
Fund balance - Surplus Fund - \$1,104,500 max	-	1,104,500	-	1,104,500
Fund balance	136,632	461,926	-	598,558
	<u>136,632</u>	<u>2,438,176</u>	<u>665,178</u>	<u>3,239,986</u>
	<u>\$ 138,641</u>	<u>\$ 2,438,176</u>	<u>\$ 23,236,247</u>	<u>\$ 25,813,064</u>

**Great Western Park Metropolitan District No.2**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Three Months Ended March 31, 2021**  
**General Fund**

**See Accountant's Compilation Report**

	Annual <u>Budget</u>	Actual <u>Quarter</u>	Actual Year to <u>Date</u>	Variance Favorable <u>(Unfavorable)</u>
<b>Revenues</b>				
Property taxes	\$ 130,707	\$ 64,939	\$ 64,939	\$ (65,768)
Specific ownership taxes	9,149	1,439	1,439	(7,710)
Interest income	-	30	30	30
	<u>139,856</u>	<u>66,408</u>	<u>66,408</u>	<u>(73,448)</u>
<b>Expenditures</b>				
Accounting	16,000	3,954	3,954	12,046
Audit	-	-	-	-
Election expense	-	-	-	-
Insurance	3,600	3,390	3,390	210
Legal	17,000	6,814	6,814	10,186
Management fees	15,000	3,433	3,433	11,567
Miscellaneous	1,500	51	51	1,449
Treasurer fees	3,921	974	974	2,947
Contingency	111,378	-	-	111,378
Emergency reserve	1,711	-	-	1,711
	<u>170,110</u>	<u>18,616</u>	<u>18,616</u>	<u>151,494</u>
Excess (deficiency) of revenues over expenditures	(30,254)	\$ <u><u>47,792</u></u>	47,792	78,046
Fund balance beginning	<u>30,254</u>		<u>88,840</u>	<u>58,586</u>
Fund balance ending	\$ <u><u>-</u></u>		\$ <u><u>136,632</u></u>	\$ <u><u>136,632</u></u>

**Great Western Park Metropolitan District No.2**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Three Months Ended March 31, 2021**  
**Debt Service Fund**

**See Accountant's Compilation Report**

	Annual <u>Budget</u>	Actual <u>Quarter</u>	Actual Year to <u>Date</u>	Variance Favorable <u>(Unfavorable)</u>
<b>Revenues</b>				
Property taxes	\$ 914,989	\$ 454,593	\$ 454,593	\$ (460,396)
Specific ownership taxes	64,049	12,633	12,633	(51,416)
Interest income	-	374	374	374
Transfer from District #1	-	3,937	3,937	3,937
	<u>979,038</u>	<u>471,537</u>	<u>471,537</u>	<u>(507,501)</u>
<b>Expenditures</b>				
Series 2016A Interest	538,400	-	-	538,400
Series 2016A Principal	145,000	-	-	145,000
Series 2016B Interest	358,305	-	-	358,305
Issuance Costs	-	5,295	5,295	(5,295)
Miscellaneous	2,500	-	-	2,500
Paying agent fees	5,500	5,500	5,500	-
Treasurer's fees	27,450	6,819	6,819	20,631
	<u>1,077,155</u>	<u>17,614</u>	<u>17,614</u>	<u>1,059,541</u>
Excess (deficiency) of revenues over expenditures	(98,117)	\$ <u><u>453,923</u></u>	453,923	552,040
Fund balance beginning	<u>2,074,367</u>		<u>1,984,253</u>	<u>(90,114)</u>
Fund balance ending	\$ <u><u>1,976,250</u></u>		\$ <u><u>2,438,176</u></u>	\$ <u><u>461,926</u></u>



**Great Western Park Metropolitan District No. 2**  
**GASB 34 AJE's**  
**12/31/2020**

Capital assets	665,178	
COI net	-	
Bond Premium	-	199,822
AR - Developer		-
Accrued interest		468,032
Developer advances + interest		10,758,479
GO Bonds		11,045,000
Sub bonds		1,555,000
Beginning fund balance	3,419,561	
Beginning net assets	19,941,594	
<b>Record net assets as of 12/31/19</b>		
Interest expense		10,907
Long Term Debt	10,907	-
<b>Record amortization of premium on bond issue</b>		
Developer advances	-	
Long Term Debt		-
<b>Record Developer advances</b>		
General Obligation Bonds Series 2016A	55,000	
Bond Principal		55,000
<b>To record bond principal paid on Series 2016A Bonds</b>		
Accrued Interest	183	
Bond Interest expense		183
<b>Record change in 2016A accrued bond interest</b>		
Bond Interest expense	143,087	
Accrued interest		143,087
<b>Record change in 2016B accrued bond interest</b>		
Accrued interest	230,730	
Bond Interest expense		230,730
<b>Record Series 2016B interest paid in current year</b>		
Developer advances	-	
Developer advances - operations		-

**To record developer advances received in current year in long term debt**

Accrued interest - FFA	1,412,564	
Accrued interest - operations	51,060	
Developer advance interest		1,463,624
To record repayment of developer advances		

Developer advance interest	2,422	
Accrued interest - operations		2,422

**To accrued interest on operations developer advances**

Developer advances - operations	-	
Repay developer advances		-

**To record the repayment of developer advances**

Developer advances - operations	267,240	
Accrued interest - operations	144,393	
Write off Developer Advances		411,633

**To write off District No. 1 operations per agreement**

Capital outlay		-
Engineering		-
Project Management		-
Capital assets		-

**record the assets additions**

Accrued interest - FFA		645,720
Interest Expense - FFA	645,720	

**To accrue interest on the FFA**

**Non GASB34**

Write off Developer Advances	40,216	
Forgiveness of debt		40,216

**To adjust write off to actual**

<u>27,029,855</u>	<u>27,029,855</u>
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GREAT WESTERN PARK  
METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

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## Great Western Park Metropolitan District No. 2

### BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 85,743	\$ -	\$ -	\$ 85,743	\$ -	\$ 85,743
Cash and investments - restricted	1,711	1,980,650	-	1,982,361	-	1,982,361
Receivable - County Treasurer	410	3,603	-	4,013	-	4,013
Property taxes receivable	130,707	914,989	-	1,045,696	-	1,045,696
Prepaid expenses	2,977	-	-	2,977	-	2,977
Capital assets not being depreciated	-	-	-	-	665,178	665,178
<b>Total Assets</b>	<b><u>\$ 221,548</u></b>	<b><u>\$ 2,899,242</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,120,790</u></b>	<b><u>665,178</u></b>	<b><u>3,785,968</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,001	\$ -	\$ -	\$ 2,001	-	2,001
Accrued interest on bonds	-	-	-	-	380,206	380,206
Long-term liabilities:						
Due within one year	-	-	-	-	145,000	145,000
Due in more than one year	-	-	-	-	22,120,279	22,120,279
<b>Total Liabilities</b>	<b><u>2,001</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,001</u></b>	<b><u>22,645,485</u></b>	<b><u>22,647,486</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property tax revenue	130,707	914,989	-	1,045,696	-	1,045,696
<b>Total Deferred Inflows of Resources</b>	<b><u>130,707</u></b>	<b><u>914,989</u></b>	<b><u>-</u></b>	<b><u>1,045,696</u></b>	<b><u>-</u></b>	<b><u>1,045,696</u></b>
<b>FUND BALANCES/NET POSITION</b>						
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Prepays	2,977	-	-	2,977	(2,977)	-
<b>Restricted:</b>						
Emergencies	1,711	-	-	1,711	(1,711)	-
Debt service	-	1,984,253	-	1,984,253	(1,984,253)	-
<b>Assigned:</b>						
Subsequent years disbursements	30,254	-	-	30,254	(30,254)	-
Unassigned	53,898	-	-	53,898	(53,898)	-
<b>Total Fund Balances</b>	<b><u>88,840</u></b>	<b><u>1,984,253</u></b>	<b><u>-</u></b>	<b><u>2,073,093</u></b>	<b><u>(2,073,093)</u></b>	<b><u>-</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 221,548</u></b>	<b><u>\$ 2,899,242</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,120,790</u></b>		
<b>Net Position:</b>						
<b>Restricted for:</b>						
Emergencies					1,711	1,711
Debt service					1,604,047	1,604,047
Capital projects					-	-
Unrestricted					<u>(21,512,972)</u>	<u>(21,512,972)</u>
<b>Total Net Position</b>					<b><u>\$ (19,907,214)</u></b>	<b><u>\$ (19,907,214)</u></b>

The notes to the financial statements are an integral part of these statements.

## Great Western Park Metropolitan District No. 2

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
Accounting and audit	\$ 23,809	\$ -	\$ -	\$ 23,809	\$ -	\$ 23,809
Election expense	57	-	-	57	-	57
Insurance	3,203	-	-	3,203	-	3,203
Legal	26,063	-	-	26,063	-	26,063
Management fees	15,880	-	-	15,880	-	15,880
Treasurer's fees	1,470	12,908	-	14,378	-	14,378
Transfer to District No. 1	-	-	-	-	-	-
Bond principal	-	55,000	-	55,000	(55,000)	-
Bond interest expense	-	771,330	-	771,330	(98,733)	672,597
Developer advance interest	16,273	-	1,447,351	1,463,624	(815,482)	648,142
Project Management	-	-	3,623	3,623	-	3,623
Write off Developer Advances	411,633	-	-	411,633	(411,633)	-
Total Expenditures	498,388	839,238	1,450,974	2,788,600	(1,380,848)	1,407,752
<b>GENERAL REVENUES</b>						
Property taxes	97,977	860,284	-	958,261	-	958,261
Specific ownership taxes	5,462	47,957	-	53,419	-	53,419
Interest income	1,582	14,332	2,899	18,813	-	18,813
Miscellaneous income	6	-	-	6	-	6
Total General Revenues	105,027	922,573	2,899	1,030,499	-	1,030,499
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	(393,361)	83,335	(1,448,075)	(1,758,101)	1,380,848	(377,253)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (out)	(4,181)	-	4,181	-	-	-
Total Other Financing Sources (Uses)	(4,181)	-	4,181	-	-	-
<b>SPECIAL ITEMS</b>						
Forgiveness of debt	411,633	-	-	411,633	-	411,633
Total Special Items	411,633	-	-	411,633	-	411,633
<b>NET CHANGES IN FUND BALANCES</b>						
	14,091	83,335	(1,443,894)	(1,346,468)	1,346,468	
<b>CHANGE IN NET POSITION</b>						
					34,380	34,380
<b>FUND BALANCES/NET POSITION:</b>						
BEGINNING OF YEAR - RESTATED	74,749	1,900,918	1,443,894	3,419,561	(23,361,155)	(19,941,594)
END OF YEAR	\$ 88,840	\$ 1,984,253	\$ -	\$ 2,073,093	\$(21,980,307)	\$(19,907,214)

The notes to the financial statements are an integral part of these statements.

**Great Western Park Metropolitan District No. 2**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 98,076	\$ 98,076	\$ 97,977	\$ (99)
Specific ownership taxes	5,800	5,800	5,462	(338)
Interest income	500	1,600	1,582	(18)
Miscellaneous income	-	-	6	6
	<u>104,376</u>	<u>105,476</u>	<u>105,027</u>	<u>(449)</u>
<b>Total Revenues</b>				
<b>EXPENDITURES</b>				
Accounting and audit	13,000	24,000	23,809	191
Election expense	1,500	1,500	57	1,443
Insurance	3,800	3,800	3,203	597
Legal	11,000	27,000	26,063	937
Management fees	10,000	16,000	15,880	120
Miscellaneous expenses	1,500	-	-	-
Treasurer's fees	1,471	1,471	1,470	1
Developer advance interest	-	16,273	16,273	-
Write off Developer Advances	-	411,633	411,633	-
Emergency reserve	3,131	-	-	-
	<u>45,402</u>	<u>501,677</u>	<u>498,388</u>	<u>3,289</u>
<b>Total Expenditures</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	58,974	(396,201)	(393,361)	2,840
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	-	(4,181)	(4,181)	-
	<u>-</u>	<u>(4,181)</u>	<u>(4,181)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>				
<b>SPECIAL ITEMS</b>				
Forgiveness of debt	-	411,633	411,633	-
	<u>-</u>	<u>411,633</u>	<u>411,633</u>	<u>-</u>
<b>Total Special Items</b>				
<b>NET CHANGE IN FUND BALANCE</b>				
	58,974	11,251	14,091	2,840
<b>FUND BALANCE:</b>				
BEGINNING OF YEAR - RESTATED	67,528	74,749	74,749	-
END OF YEAR	<u>\$ 126,502</u>	<u>\$ 86,000</u>	<u>\$ 88,840</u>	<u>\$ 2,840</u>

The notes to the financial statements are an integral part of these statements.

## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2020

#### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Great Western Park Metropolitan District No. 2 (the “District”), located in Broomfield County, Colorado, (the “County”) conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized on December 17, 2008, as a quasi-municipal organization established under the State of Colorado Special District Act along with Great Western Park Metropolitan District No. 1 (“District No. 1”). Great Western Park Metropolitan District No. 3 (“District No. 3”) was organized on January 4, 2002. Great Western Park Metropolitan District No. 1 is referred to in its Service Plan as the “Service District” and Great Western Park Metropolitan District No. 2 and Great Western Park Metropolitan District No. 3 are referred to as the “Tax Districts” established to finance and pay for various services and facilities which will be provided by the Service District. The District was established to provide financing for construction of streets, water, sanitation, traffic and safety protection, and parks and recreational improvements. Previously, the three districts worked together to provide the necessary public improvements and services as required serving the development. As of July 1, 2016, the three Districts operate independently of one another. The following is a summary of the more significant policies consistently applied in the preparation of financial statements. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 29, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.



## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2020

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2020

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

The District reports the following major governmental funds:

*General Fund* - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

*Debt Service Fund* – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

*Capital Projects Fund* – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

#### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

On ????, 2021, the District amended its total appropriations in the General Fund from \$45,402 to \$505,858 primarily due to the forgiveness of the operation funding agreement by the Developer pursuant to the Agreement of Acknowledgement of Satisfaction of Obligations of District No. 1 related to Great Western Park, LLC Operation Funding Agreement and Acknowledgement of Ongoing Obligations of District Nos. 2 and 3 (see Note 6) and in the Debt Service Fund from \$729,255 to \$845,417 primarily due to the increase in the amount available to pay interest on the Series 2016B Bonds over the amount budgeted for (see Note 4).

## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2020

#### Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position:

##### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

##### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value. The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

##### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no qualifying items for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

##### Original Issue Premium

The original issue premium from the Series 2016A Bonds is being amortized over the respective terms of the bonds using the interest/straight-line method. Accumulated amortization of original issue premium amounted to \$47,417 at December 31, 2020.

## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2020

#### Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2020.

#### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year.

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

#### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2020

#### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

#### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$2,977 represents prepaid expenditures.

#### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,711 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,984,253 is restricted for the payment of the debt service costs associated with the General Obligation Bonds Series 2016A and 2016B (see Note 4).

#### Committed Fund Balance

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

#### Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2020.

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2020

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

*Net investment in capital assets* – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

The District has a deficit in unrestricted net position as of December 31, 2020. This deficit amount is the result of the District being responsible for the payment of debt issued for public improvements that were conveyed to other governmental entities and which costs were removed from the District's financial records.

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 85,743
Cash and investments - Restricted	<u>1,982,361</u>
Total	<u>\$ 2,068,104</u>

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2020

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 3,775
Investments - COLOTRUST	<u>2,064,329</u>
Total	\$ <u>2,068,104</u>

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District does not have a formal policy for deposits; however the District follows State statutes regarding deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments:

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (NAV) per share.

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. Colotrust operates similarly to a money market fund with each share

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2020

maintaining a value of \$1.00. Colotrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$2,064,329 invested in COLOTRUST, of which \$1,976,395 is held in trust accounts with UMB Bank.

Credit Risk

The District has adopted an investment policy by which it follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

Governmental Type Activities:	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 665,178	\$ -	\$ -	\$ 665,178
Total capital assets not being depreciated	665,178	-	-	665,178

Upon completion and acceptance, all assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.



GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2020

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

General Obligation Bonds (Limited Tax Convertible to Unlimited Tax), Series 2016A – The District issued its General Obligation Bonds (Limited Tax Convertible to Unlimited Tax), Series 2016A on July 26, 2016, in the original principal amount of \$11,045,000 (“Series 2016A Bonds”). The Series 2016A Bonds are term bonds, of which \$1,165,000 bears interest at 4.000% and matures December 1, 2026, and of which \$9,880,000 bears interest at 5.000% and matures December 1, 2046. Interest is payable semiannually on each June 1 and December 1, commencing on December 1, 2016. Those Series 2016A Bonds maturing December 1, 2026 are subject to mandatory sinking fund redemption commencing on December 1, 2020. Those Series 2016A Bonds maturing December 1, 2046 are subject to mandatory sinking fund redemption commencing December 1, 2027. The Series 2016A Bonds are also subject to redemption prior to maturity at the option of the District beginning December 1, 2021, and on any date thereafter, upon payment of the principal amount redeemed, accrued interest, and a redemption premium that ranges between 0% and 3%.

The Series 2016A Bonds are secured by pledged revenues, including revenues derived from the required mill levy of 42.827 mills, Capital Fees, if any, specific ownership taxes used for debt service, and any other legally available moneys which the District determines to credit to the payment of the Series 2016A Bonds. The Series 2016A Bonds are also secured by the Senior Reserve Fund in the amount of \$871,750 and the Senior Surplus Fund up to a maximum amount of \$1,104,500. The Senior Surplus Fund can be released when the ratio of the outstanding Series 2016A Bonds and all other outstanding Senior Bonds of the District to the District’s assessed valuation is 50% or less.

Subordinate General Obligation Limited Tax Bonds, Series 2016B – The District issued \$1,555,000 of Subordinate General Obligation Limited Tax Bonds, Series 2016B (“Series 2016B Bonds”) on July 26, 2016. The Series 2016B Bonds bear interest at the rate of 7.250% payable annually on December 15 of each year, commencing December 15, 2016. The Series 2016B Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15. Failure to pay the principal or interest will not constitute an event of default under the Subordinate Indenture. Payments toward interest and principal can be made provided the Series 2016A Bonds (and any other Senior Bonds outstanding) are current and the Reserve and Surplus Funds for the Series 2016A Bonds and any other Senior Bonds are full. The Series 2016B Bonds will be discharged on December 16, 2056. Accrued interest as of December 31, 2020 is \$335,339.

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2020

The Series 2016B Bonds are secured by and payable from the following sources, net of any costs of collection (the "Subordinate Pledged Revenue"): (a) the Subordinate Required Mill Levy; (b) the Subordinate Capital Fee Revenue, if any; (c) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; (d) the amounts, if any, in the Senior Surplus Fund after the termination of such fund pursuant to the Senior Indenture; and (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

The following is a summary of the annual long-term debt principal and interest requirements of the Series 2016A Bonds.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 145,000	\$ 538,400	\$ 683,400
2022	165,000	532,600	697,600
2023	175,000	526,000	701,000
2024	195,000	519,000	714,000
2025	205,000	511,200	716,200
2026 - 2030	1,295,000	2,404,000	3,699,000
2031 - 2035	1,850,000	2,030,500	3,880,500
2036 - 2040	2,590,000	1,497,750	4,087,750
2041 - 2045	3,525,000	761,250	4,286,250
2046	<u>845,000</u>	<u>42,250</u>	<u>887,250</u>
	<u>\$ 10,990,000</u>	<u>\$ 9,362,950</u>	<u>\$ 20,352,950</u>

Due to the uncertainty of the timing of the principal and interest payments on the Series 2016B Bonds, a schedule of the timing of the payments is not available.

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2020

The following is an analysis of changes in long-term debt for the year ending December 31, 2020:

	12/31/2019	Additions	Deletions	12/31/2020	Portion
<u>General Obligation Bonds</u>					
2016A	\$ 11,045,000	\$ -	\$ (55,000)	\$ 10,990,000	\$ 145,000
Subordinate General Obligation Bonds Series 2016B	1,555,000	-	-	1,555,000	-
Subordinate General Obligation Bonds Series 2016B - Accrued Interest	422,982	143,087	(230,730)	335,339	-
Original issue premium - Series 2016A	199,822	-	(10,907)	188,915	-
Total	\$ 13,222,804	\$ 143,087	\$ (296,637)	\$ 13,069,254	\$ 145,000
<u>Other</u>					
Developer Advances - FFA	\$ 8,049,453	\$ -	\$ -	\$ 8,049,453	\$ -
Accrued interest - FFA	2,210,622	645,720	(1,412,564)	1,443,778	-
Developer advances - operations	296,691	-	(267,240)	29,451	-
Accrued interest - operations	201,713	2,422	(195,453)	8,682	-
Total	\$ 10,758,479	\$ 648,142	\$ (1,875,257)	\$ 9,531,364	\$ -
	\$ 23,981,283	\$ 791,229	\$ (2,171,894)	\$ 22,600,618	\$ 145,000

Debt Authorization

As of December 31, 2020, the District had remaining voted debt authorization of approximately \$142,600,000. On November 4, 2008, the District voted debt authorization of approximately \$39,800,000. In November 2012, the District voted an increase in debt authorization to \$128,000,000. The District has not budgeted to issue any new debt during 2021. Per the District's Service Plan, the District cannot issue debt in excess of \$12,600,000.

Note 5: Related Party

One of the Board of Directors are an employee, owner or is otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2020

Note 6: Commitments and Agreements

Operation Funding Agreement – On June 30, 2016, the District entered into the Operation Funding Agreement (the “Agreement”), with Great Western Park, LLC (the “Developer”), whereby the Developer agreed to advance up to \$35,000 to the District for operations and maintenance expenses incurred in fiscal years 2016 and 2017. Such advances from the date of deposit into the District’s account and amounts advanced to District No. 1 pursuant to the District No. 1 OFA will accrue simple interest from the date of deposit into the District’s account at the rate of 8% per annum. The District agreed to reimburse the Developer for amounts advanced subject to annual budget and appropriation. The obligation of the District to reimburse the Developer expires on December 31, 2048. Any amounts of principal and interest owed on or before December 31, 2048, shall be deemed to be forever discharged and satisfied in full. On November 15, 2016, this Agreement was amended to increase the total shortfall amount to \$53,803. On December 6, 2017, this agreement was further amended to increase the shortfall amount to \$60,000, and to extend the funding obligation through 2018. On November 26, 2019, this agreement was further amended to extend the funding obligation through 2020. At December 31, 2020, the District had \$38,133 of developer advances payable under the agreement, which includes \$8,682 of accrued interest. On January 1, 2020, the Developer forgave \$411,633 of principal and interest related to the District No. 1 OFA.

Facilities Funding and Acquisition Agreement – On July 1, 2016, the District and the Developer entered into a Facilities Funding and Acquisition Agreement whereby the District acknowledged that the Developer has previously expended funds pursuant to a funding agreement between District No. 1 and the Developer (the “District No. 1 Funding Agreement”). Specifically, the Developer funded and/or District No. 1 acquired \$12,600,000 of public improvements and the Developer funded certain organizational expenses relative to the District. The District agreed that upon the termination of the FFCOA that it would reimburse the Developer for those costs incurred by the Developer under the District No. 1 Funding Agreement. Simple interest shall accrue on Organization Expenses and Construction Related Expenses at the rate of 8% per annum until paid. Payments made by the District shall credit first against accrued and unpaid interest and then to the principal amount due. At December 31, 2020, the District had \$8,049,453 of developer advances payable under the agreement, which includes \$1,443,778 of accrued interest.

Agreement of Acknowledgement of Satisfaction of Obligations of District No. 1 related to Great Western Park, LLC Operation Funding Agreement and Acknowledgement of Ongoing Obligations of District Nos. 2 and 3 – On November 26, 2019, effective December 31, 2019, the District, District No. 1, District No. 3 and the Developer entered into an Agreement of Acknowledgement of Satisfaction of Obligations of District No. 1 related to Great Western Park,

## GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2020

LLC Operation Funding Agreement and Acknowledgement of Ongoing Obligations of District Nos. 2 and 3 whereby the District acknowledged that the Developer has previously expended funds pursuant to an operation funding agreement between District No. 1 and the Developer (the "District No. 1 Operation Funding Agreement"). Specifically, the Developer funded \$267,240 of operation and maintenance shortfalls relative to the District. The District agreed that upon the termination of the FFCOA that it would reimburse the Developer for those costs incurred by the Developer under the District No. 1 Operation Funding Agreement under the Districts existing Operation Funding Agreement.

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

On November 6, 2012, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an

GREAT WESTERN PARK METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements  
December 31, 2020

organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable, accrued bond interest payable, developer advances payable and accrued interest on developer advances are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

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## Great Western Park Metropolitan District No. 2

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND  
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 861,152	\$ 861,152	\$ 860,284	\$ (868)
Specific ownership taxes	30,000	30,000	47,957	17,957
Interest income	30,000	30,000	14,332	(15,668)
Transfer from District No. 1	-	-	-	-
Total Revenues	921,152	921,152	922,573	1,421
<b>EXPENDITURES</b>				
Bond principal	55,000	55,000	55,000	-
Bond interest expense	653,338	772,000	771,330	670
Bond issuance costs	-	-	-	-
Paying agent fees	5,500	5,500	-	5,500
Miscellaneous expenses	2,500	-	-	-
Treasurer's fees	12,917	12,917	12,908	9
Total Expenditures	729,255	845,417	839,238	6,179
<b>NET CHANGE IN FUND BALANCE</b>	191,897	75,735	83,335	7,600
<b>FUND BALANCE:</b>				
BEGINNING OF YEAR	1,700,445	1,900,918	1,900,918	-
END OF YEAR	\$ 1,892,342	\$ 1,976,653	\$ 1,984,253	\$ 7,600

The notes to the financial statements are an integral part of these statements.



## Great Western Park Metropolitan District No. 2

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest income	\$ 25,000	\$ 2,899	\$ (22,101)
Total Revenues	<u>25,000</u>	<u>2,899</u>	<u>(22,101)</u>
<b>EXPENDITURES</b>			
Accounting and audit	11,500	-	11,500
Legal	12,000	-	12,000
Management fees	7,500	-	7,500
Miscellaneous expenses	3,500	-	3,500
Capital outlay	4,000,000	-	4,000,000
Developer advance interest	-	1,447,351	(1,447,351)
Project Management	-	3,623	(3,623)
Total Expenditures	<u>4,034,500</u>	<u>1,450,974</u>	<u>2,583,526</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,009,500)</b>	<b>(1,448,075)</b>	<b>2,561,425</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advances	2,756,079	-	(2,756,079)
Transfers in (out)	-	4,181	4,181
Total Other Financing Sources (Uses)	<u>2,756,079</u>	<u>4,181</u>	<u>(2,751,898)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,253,421)</b>	<b>(1,443,894)</b>	<b>(190,473)</b>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR - RESTATED	<u>1,465,076</u>	<u>1,443,894</u>	<u>(21,182)</u>
END OF YEAR	<u>\$ 211,655</u>	<u>\$ -</u>	<u>\$ (211,655)</u>

The notes to the financial statements are an integral part of these statements.

## Great Western Park Metropolitan District No. 2

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2020

(Unaudited)

<u>Year Ended</u> <u>December 31,</u>	<u>Prior</u> <u>Year Assessed</u> <u>Valuation</u> <u>for Current</u> <u>Year Property</u> <u>Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2010	\$ 4,670	40.232	0.000	\$ 188	\$ 189	100.59%
2011	\$ 4,860	40.232	0.000	\$ 196	\$ 197	100.75%
2012	\$ 4,860	5.000	35.232	\$ 196	\$ 196	100.24%
2013	\$ 4,860	5.000	35.232	\$ 196	\$ 193	98.71%
2014	\$ 5,150	5.000	35.232	\$ 207	\$ 205	98.94%
2015	\$ 1,074,500	5.000	35.232	\$ 43,229	\$ 43,228	100.00%
2016	\$ 2,968,340	5.000	35.232	\$ 119,423	\$ 119,421	100.00%
2017	\$ 5,702,080	5.000	42.827	\$ 272,713	\$ 272,464	99.91%
2018	\$ 9,552,510	5.392	46.185	\$ 492,690	\$ 492,690	100.00%
2019	\$ 13,180,821	5.411	47.347	\$ 695,393	\$ 695,393	100.00%
2020	\$ 18,061,835	5.430	47.678	\$ 959,228	\$ 958,261	99.90%
Estimated for year ending December 31, 2021	\$ 19,392,750	6.740	47.182	\$ 1,045,696		

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

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**Great Western Park Metropolitan District No. 2**

CONTINUING DISCLOSURE ANNUAL  
FINANCIAL INFORMATION

December 31, 2020

(Unaudited)

Assessed and Actual Valuation of Classes of Property in the District

Property Class	Percentage of		Percentage of	
	Total Assessed Valuation	Total Assessed Valuation	Total Actual Valuation	Total Actual Valuation
State Assessed	\$ 518,290	2.67%	\$ 1,787,210	0.68%
Commercial	18,020	0.09%	62,130	0.02%
Vacant	222,070	1.15%	765,780	0.29%
Residential	18,634,360	96.09%	260,605,880	99.01%
Agricultural	10	0.00%	30	0.00%
	<u>\$ 19,392,750</u>	<u>100.00%</u>	<u>\$ 263,221,030</u>	<u>100.00%</u>

Ten Largest Owners of Taxable Property within the District

Taxpayer Name	Assessed Valuation	Total Assessed Valuation (1)
Individual Homeowner	\$ 56,860	0.29%
Individual Homeowner	54,340	0.28%
Individual Homeowner	53,840	0.28%
Individual Homeowner	53,610	0.28%
Individual Homeowner	52,300	0.27%
Individual Homeowner	52,140	0.27%
Individual Homeowner	51,910	0.27%
Individual Homeowner	51,350	0.26%
Individual Homeowner	51,110	0.26%
Individual Homeowner	51,060	0.26%
Total	<u>\$ 528,520</u>	<u>2.73%</u>

(1) Based on a 2020 certified assessed valuation of \$19,392,750.