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***GREAT WESTERN METROPOLITAN  
DISTRICT NO. 1  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021***

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## Independent Auditors' Report

Board of Directors  
Great Western Metropolitan District No. 1  
Windsor, Colorado

### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Great Western Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis For Opinions*

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

### *Responsibilities Of Management For The Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities For The Audit Of The Financial Statements***

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule on pages i through v and page 22, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedule on page 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

*Report On Summarized Comparative Information*

We have previously audited the District's 2020 financial statements, and we expressed unmodified opinions on those audited financial statements in our report dated July 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

July 28, 2022

# **GREAT WESTERN METROPOLITAN DISTRICT NO. 1**

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## Management's Discussion And Analysis

As management of Great Western Metropolitan District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021.

### **Financial Highlights**

- Assets exceeded liabilities by \$3,188,003 at the end of the fiscal year.
- At December 31, 2021, the District's governmental funds reported combined ending fund balances of \$800,002.
- Total net position decreased by \$516,265 at the end of the fiscal year. The primary decrease was due to a conveyance of capital assets.
- Total cash and investments increased by \$323,072 as compared to 2020. The primary increase was due to excess revenues.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$512,252.

### **Overview Of The Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

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## Management's Discussion And Analysis (*Continued*)

Both of the government-wide financial statements identify functions of the District that are principally to be supported by ad valorem taxes (governmental activities). The governmental activities of the District include the financing, construction of, and maintenance of governmental infrastructure including streets, water, sewer, storm, park and recreation, and transportation and traffic improvements constructed or acquired by the District.

The government-wide financial statements can be found on pages 5 - 6 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds - general fund and capital projects fund - all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7 - 8 of this report.



# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

## Management's Discussion And Analysis (*Continued*)

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 10 - 21 of this report.

**Other Information.** The report includes individual fund schedules. A budgetary comparison statement has been provided in this section for the General Fund and the Capital Projects Fund to demonstrate compliance with these budgets. The budget statements are found after the basic financial statements on pages 22 - 23 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$3,188,003 at the close of the most recent fiscal year.

	Net Position	
	December 31,	
	2021	2020
Current assets	\$ 832,662	\$ 521,848
Due from other governments	—	43,994
Other assets	14,824	27,878
Nondepreciable capital assets	1,194,863	1,197,073
Depreciable capital assets, net	2,767,046	1,950,095
<b>Total Assets</b>	<b>4,809,395</b>	<b>3,740,888</b>
Current liabilities	47,484	36,620
Long-term obligations	1,573,908	—
<b>Total Liabilities</b>	<b>1,621,392</b>	<b>36,620</b>
Net investment in capital assets	2,388,001	3,147,168
Restricted for emergencies	17,845	18,028
Unrestricted	782,157	539,072
<b>Total Net Position</b>	<b>\$ 3,188,003</b>	<b>\$3,704,268</b>

The District's current assets increased \$310,814 mainly due to an increase in cash from operations and a decrease in receivables.

# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

## Management's Discussion And Analysis (*Continued*)

	Change In Net Position	
	December 31,	
	2021	2020
<b>Revenue</b>		
General revenue		
Service fees	\$ 533,970	\$ 282,429
Interest income	222	3,150
Water Operations	51,641	244,405
Transfer from District No. 5	—	70,932
<b>Total Revenues</b>	<b>585,833</b>	<b>600,916</b>
<b>Expenses</b>		
General government	990,135	266,897
Water Operations	111,963	133,439
<b>Total Expenses</b>	<b>1,102,098</b>	<b>400,336</b>
Change in net position	(516,265)	200,580
<b>Net Position - Beginning Of Year</b>	<b>3,704,268</b>	<b>3,503,688</b>
<b>Net Position - End Of Year</b>	<b>\$ 3,188,003</b>	<b>\$ 3,704,268</b>

The District's main revenue sources for 2021 were revenues from service fees and water operations. The majority of the expenses for general government were accounting, legal, maintenance, management and administration totaling \$328,192.

### Financial Analysis Of The Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflow, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$800,002.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, restricted fund balance of the General Fund was \$17,845, nonspendable amounts were \$14,824, assigned amounts were \$255,081 and the unassigned fund balance was \$512,252 for a total fund balance of \$800,002.

# **GREAT WESTERN METROPOLITAN DISTRICT NO. 1**

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## Management's Discussion And Analysis (*Continued*)

### **General Fund Budgetary Highlights**

During the year ended December 31, 2021, the District incurred actual expenditures of \$342,931 in the General Fund. The difference between actual and budgeted expenditures of \$669,728 was \$326,797. Notable savings were achieved in several expense categories, including storm water management, transfers to the capital project fund, and unused contingency.

### **Next Year's Budgets And Rates**

In 2022, budgeted expenditures for the General Fund are \$523,709 and are anticipated to be primarily funded by service fee revenues and water fee revenue.

### **Requests For Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to: Great Western Metropolitan District No. 1, c/o Pinnacle Consulting Group, Inc., 550 West Eisenhower Blvd., Loveland, CO 80537 or information is available at the Districts' website at <http://www.greatwesternmetrodistrict.com/>.

# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

## STATEMENT OF NET POSITION

December 31, 2021

(With Summarized Comparative Information  
As Of December 31, 2020)

	Governmental Activities	
	2021	2020
<b>Assets</b>		
Cash and investments	\$ 825,369	\$ 502,297
Accounts receivable	7,293	19,551
Prepaid insurance	14,824	27,878
Due from other governments	—	43,994
Nondepreciable capital assets	1,194,863	1,197,073
Depreciable capital assets, net	2,767,046	1,950,095
<b>Total Assets</b>	<b>4,809,395</b>	<b>3,740,888</b>
<b>Liabilities</b>		
Accounts payable	38,637	36,620
Due to other governments	8,847	—
Noncurrent liabilities:		
Note payable	1,573,908	—
<b>Total Liabilities</b>	<b>1,621,392</b>	<b>36,620</b>
<b>Net Position</b>		
Net investment in capital assets	2,388,001	3,147,168
Restricted for emergencies	17,845	18,028
Unrestricted	782,157	539,072
<b>Total Net Position</b>	<b>\$ 3,188,003</b>	<b>\$ 3,704,268</b>

# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2021 (With Summarized Comparative Information For The Year Ended December 31, 2020)

Functions/Programs	Expenses	Program Revenues	Net Revenues (Expenses) And Changes In Net Position	
		Charges For Services	Governmental Activities	
			2021	2020
<b>Governmental Activities</b>				
General government	\$ (990,135)	\$ 533,970	\$ (456,165)	\$ 15,532
Water operations	(111,963)	51,641	(60,322)	110,966
<b>Total Governmental Activities</b>	\$ (1,102,098)	\$ 585,611	(516,487)	126,498
<b>General Revenues</b>				
Interest			222	3,150
Transfer from District No. 5			—	70,932
<b>Total General Revenues</b>			222	74,082
<b>Change In Net Position</b>			(516,265)	200,580
<b>Net Position - Beginning Of Year</b>			3,704,268	3,503,688
<b>Net Position - End Of Year</b>			\$ 3,188,003	\$ 3,704,268

# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021

(With Summarized Comparative Information  
As Of December 31, 2020)

	Assets		Total Governmental Funds	
	General Fund	Capital Projects Fund	2021	2020
Cash and investments	\$ 824,004	\$ 1,365	\$ 825,369	\$ 502,297
Accounts receivable	7,293	—	7,293	19,551
Due from other governments	—	—	—	43,994
Prepaid insurance	14,824	—	14,824	27,878
<b>Total Assets</b>	<b>\$ 846,121</b>	<b>\$ 1,365</b>	<b>847,486</b>	<b>593,720</b>

### Liabilities And Fund Balance

Liabilities				
Accounts payable	\$ 37,272	\$ 1,365	38,637	36,620
Due to other governments	8,847	—	8,847	—
<b>Total Liabilities</b>	<b>46,119</b>	<b>1,365</b>	<b>47,484</b>	<b>36,620</b>
<b>Fund Balance</b>				
Nonspendable	14,824	—	14,824	27,878
Restricted for emergencies	17,845	—	17,845	18,028
Assigned for water enterprise activities	255,081	—	255,081	246,357
Unassigned	512,252	—	512,252	264,837
<b>Total Fund Balance</b>	<b>800,002</b>	<b>—</b>	<b>800,002</b>	<b>557,100</b>
<b>Total Liabilities And Fund Balance</b>	<b>\$ 846,121</b>	<b>\$ 1,365</b>		

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 3,961,909 3,147,168

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities section of the statement of net position. At December 31, 2021, these include notes payable \$1,573,908. (1,573,908) —

**Net Position Of Governmental Activities** \$ 3,188,003 \$ 3,704,268

# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

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

For The Year Ended December 31, 2021  
(With Summarized Comparative Information  
For The Year Ended December 31, 2020)

	General Fund	Capital Projects Fund	Total Governmental Funds	
			2021	2020
<b>Revenues</b>				
Service fees District Nos. 2 - 5	\$ 533,970	\$ —	\$ 533,970	\$ 282,429
Charges for water operations	51,641	—	51,641	244,405
Interest income	222	—	222	3,150
<b>Total Revenues</b>	<b>585,833</b>	<b>—</b>	<b>585,833</b>	<b>529,984</b>
<b>Expenditures</b>				
Current:				
General government	294,056	—	294,056	259,116
Water operations	34,136	—	34,136	55,612
Capital outlay	—	1,588,647	1,588,647	2,210
<b>Total Expenditures</b>	<b>328,192</b>	<b>1,588,647</b>	<b>1,916,839</b>	<b>316,938</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>257,641</b>	<b>(1,588,647)</b>	<b>(1,331,006)</b>	<b>213,046</b>
<b>Other Financing Sources (Uses)</b>				
Operations allowance from District No. 5	—	—	—	70,932
Proceeds from note payable	—	1,573,908	1,573,908	—
Transfer (to) from	(14,739)	14,739	—	—
<b>Total Other Financing Sources</b>	<b>(14,739)</b>	<b>1,588,647</b>	<b>1,573,908</b>	<b>70,932</b>
<b>Net Change In Fund Balances</b>	<b>242,902</b>	<b>—</b>	<b>242,902</b>	<b>283,978</b>
<b>Fund Balances - Beginning Of Year</b>	<b>557,100</b>	<b>—</b>	<b>557,100</b>	<b>273,122</b>
<b>Fund Balances - End Of Year</b>	<b>\$ 800,002</b>	<b>\$ —</b>	<b>\$ 800,002</b>	<b>\$ 557,100</b>

**GREAT WESTERN METROPOLITAN DISTRICT NO. 1**

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2021**

<b>Net Changes In Fund Balances - Total Governmental Funds</b>	\$ 242,902
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlay exceeded depreciation expense for the current period.	
Capital outlay	\$ 1,588,647
Depreciation expense	(94,284) 1,494,363
	<hr/>
Governmental funds do not report non-cash conveyances of long-term assets to other governments. However, in the statement of activities, these conveyances are reported as an expense.	(679,622)
Proceeds of long-term debt is a revenue in the government funds, but the proceeds increase long-term liabilities in the statement of net position.	<hr/> (1,573,908)
<b>Change In Net Position Of Governmental Activities</b>	<b><u><u>\$ (516,265)</u></u></b>



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# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2021

### 1. Summary Of Significant Accounting Policies

The Great Western Metropolitan District No. 1 (the District) was formed to provide public services and improvements for the District and surrounding area within its boundaries. The District is governed by a five-member board of directors elected by the constituents.

The Great Western Metropolitan District Nos. 1 - 7 (the Districts) were formed pursuant to Colorado Revised Statutes (CRS) § 32-1-101 et seq., as amended, fully contemplating cooperation between the Districts as provided herein and in the Service Plan prepared for the Districts pursuant to § 32-1-201, CRS et seq. Under the Service Plan, the Districts are intended to work together and coordinate their activities with respect to the financing, construction, operation and maintenance of public improvements necessary to serve development within the Districts, which is generally anticipated to consist of mixed-use development.

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies:

#### **Reporting Entity**

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is 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. The District may also be financially accountable for organizations that are fiscally dependent upon it.

The District was formed in conjunction with Great Western Metropolitan District Nos. 2, 3, 4, 5, 6 and 7. The District was established as the Service District. Great Western Metropolitan District Nos. 2 - 7 were established as the Financing Districts.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 1**

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### Notes To Financial Statements (*Continued*)

Based on the application of these criteria, the District includes the Great Western Water Activity Enterprise (the Water Enterprise) as a blended component unit in its reporting entity. The Water Enterprise was formed by the Board of Directors of the District in late December 2008 to address future provision of water service within the service area of the District. The District received water-related revenue of \$51,641 for the year ended December 31, 2021.

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

### **Government-Wide And Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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 and major individual enterprise 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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied and in which the resources are used and available.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 1**

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### Notes To Financial Statements (*Continued*)

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 collected 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.

Service fee revenue and interest income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

In the fund financial statements, the District reports the following major governmental funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *Capital Projects Fund* accounts for the acquisition and construction of capital assets.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

### **Investments**

Investments are measured at fair value in accordance with the Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 1**

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### Notes To Financial Statements (*Continued*)

#### **Capital Assets**

Capital assets, which include property and equipment, are reported in the governmental activities column 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 assets' lives are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the estimated useful lives between 20 and 25 years.

#### **Long-Term Obligations**

In the government-wide statement of net position, long-term debt and other long-term obligations are reported as liabilities in the governmental activities.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Intangible Assets**

Intangible assets include certain costs associated with obtaining water rights and are considered to have an indefinite life.

#### **Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets, net of depreciation, less outstanding capital asset-related debt. The net-related debt is the debt, less the outstanding liquid assets and any associated unamortized cost.

Restricted net position is liquid assets, which has third-party limitations on their use or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position represents net position that does not have any third-party limitations on their use. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

#### **Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* - This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. Currently, this amount includes prepaid insurance.
- *Restricted* - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified emergency reserves as being restricted because their use is restricted by state statute for declared emergencies.
- *Committed* - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned* - This classification includes amounts the Board of Directors intends for use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned* - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes the negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

**Summarized Comparative Information**

The basic financial statements include certain prior-year partial comparative information in total, but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**2. Stewardship, Compliance And Accountability**

**Budgets And Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15, District management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

### **3. Cash And Investments**

#### **Deposits**

##### ***Custodial Credit Risk - Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. On December 31, 2021, state regulatory commissioners indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits.

At December 31, 2021, the District's cash and investments consist of the following:

Deposits	\$	86,869
Investments		<u>738,500</u>
<b>Total Cash And Investments</b>	<b>\$</b>	<b><u>825,369</u></b>

The District has no policy regarding custodial credit risk for deposits. At December 31, 2021, the District had deposits with financial institutions with a carrying amount of \$86,869. The bank balances with these financial institutions totaled \$86,869, which was covered by federal depository insurance.

#### **Investments**

##### ***Interest Rate Risk***

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

##### ***Credit Risk***

Colorado statutes specify in which instruments the units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities

## GREAT WESTERN METROPOLITAN DISTRICT NO. 1

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### Notes To Financial Statements (*Continued*)

- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

The District had invested \$738,500 in Colorado Government Liquid Asset Trust (COLOTRUST) as of December 31, 2021. COLOTRUST is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund, and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. COLOTRUST financial statements may be obtained at [www.colotrust.com](http://www.colotrust.com).

The table below summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2021 and 2020. There are no participant redemption restrictions for these investments.

<u>Investment</u>	<u>Fair Value 2021</u>	<u>Fair Value 2020</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
COLOTRUST	\$ 738,500	\$ 414,478	n/a	daily	n/a



# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

## Notes To Financial Statements (Continued)

### 4. Capital Assets

Capital assets activity for the year ended December 31, 2021 is summarized below:

	Balances December 31, 2020		Additions	Deletions	Balances December 31, 2021	
<b>Governmental Activities</b>						
Capital assets, not depreciated:						
Construction in progress	\$ 2,210	\$ —	\$ (2,210)	\$ —	\$ —	\$ —
Water rights	1,194,863	—	—	—	1,194,863	1,194,863
<b>Total Capital Assets, Not Depreciated</b>	<b>1,197,073</b>	<b>—</b>	<b>(2,210)</b>	<b>(2,210)</b>	<b>1,194,863</b>	<b>1,194,863</b>
Capital assets, depreciated:						
Water system	1,945,675	339,811	(339,811)	1,945,675	1,945,675	1,945,675
Streets	—	339,811	(339,811)	—	—	—
Landscaping	194,541	130,039	—	324,580	324,580	324,580
Public improvements	—	781,196	—	781,196	781,196	781,196
<b>Total Capital Assets</b>	<b>2,140,216</b>	<b>1,590,857</b>	<b>(679,622)</b>	<b>3,051,451</b>	<b>3,051,451</b>	<b>3,051,451</b>
Less: Accumulated depreciation:						
Infrastructure:						
Water system	92,850	77,827	—	170,677	170,677	170,677
Landscaping	97,271	11,249	—	108,520	108,520	108,520
Public improvements	—	5,208	—	5,208	5,208	5,208
<b>Total Accumulated Depreciation</b>	<b>190,121</b>	<b>94,284</b>	<b>—</b>	<b>284,405</b>	<b>284,405</b>	<b>284,405</b>
<b>Total Capital Assets, Depreciated, Net</b>	<b>1,950,095</b>	<b>1,496,573</b>	<b>(679,622)</b>	<b>2,767,046</b>	<b>2,767,046</b>	<b>2,767,046</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$ 3,147,168</b>	<b>\$ 1,496,573</b>	<b>\$ (681,832)</b>	<b>\$ 3,961,909</b>	<b>\$ 3,961,909</b>	<b>\$ 3,961,909</b>

Depreciation expense of \$77,827 and \$16,457 were charged to the water operations and general government functions, respectively.

During the year ended December 31, 2021, the District incurred, and financed through a note payable, a total of \$679,622 for additions to the water system and street assets. These assets were then conveyed to the Town of Windsor, as the Town of Windsor will maintain such assets.

## GREAT WESTERN METROPOLITAN DISTRICT NO. 1

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### Notes To Financial Statements (Continued)

#### 5. Long-Term Debt

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2021.

	Balances December 31, 2020		Additions	Payments	Balances December 31, 2021	
Note payable	\$ —	\$ 1,573,908		\$ —	\$ 1,573,908	
<b>Total</b>	<b>\$ —</b>	<b>\$ 1,573,908</b>		<b>\$ —</b>	<b>\$ 1,573,908</b>	

#### Note Payable

In December of 2021, the District entered into a promissory note and loan agreement with Great Western Development Company, Inc. to finance the purchase of public improvements. The note carries an interest rate of the current Federal Reserve Bank Prime Rate (3.25% as of December 31, 2021) plus 2% and will be repaid as the District has funds available. The loan matures on December 31, 2021 and may be renewed on an annual basis. The loan will automatically be extended for successive one-year periods if the District does not have sufficient funds to pay the loan. Repayment of the loan shall be contingent upon the availability of legal revenues.

#### 6. Related Parties

All five members of the Board of Directors are employees, owners or Members of the developer. The District did not owe any amounts to the developer as of December 31, 2021, other than the note payable.

#### 7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool (the Pool). The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the Pool. The District funds its Pool contributions, outside insurance purchases, deductibles and uninsured losses through the General Fund.

## GREAT WESTERN METROPOLITAN DISTRICT NO. 1

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### Notes To Financial Statements (Continued)

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

#### 8. Debt Authorization

On November 6, 2007, a majority of the qualified electors of District Nos. 1 - 6 and, on May 6, 2008, a majority of the qualified electors of District No. 7 approved the issuance of general obligation indebtedness as follows:

	<b>Authorized</b>	<b>Authorization Issued By District No. 5</b>	<b>Principal Amount Of Authorization Remaining</b>
Streets	\$ 60,000,000	\$ 5,109,251	\$ 54,890,749
Water	60,000,000	3,992,160	56,007,840
Sanitation	60,000,000	6,229,038	53,770,962
Parks and recreation	60,000,000	489,551	59,510,449
Traffic and safety control	60,000,000	—	60,000,000
Transportation	60,000,000	—	60,000,000
TV relay	60,000,000	—	60,000,000
Mosquito control	60,000,000	—	60,000,000
Security	60,000,000	—	60,000,000
Refunding	120,000,000	1,500,000	118,500,000
Operations and maintenance	1,000,000	—	1,000,000
Capital and operations and maintenance	61,000,000	—	61,000,000
Reimbursement agreements	61,000,000	—	61,000,000
Construction management agreements	60,000,000	—	60,000,000
<b>Total</b>	<b>\$ 843,000,000</b>	<b>\$ 17,320,000</b>	<b>\$ 825,680,000</b>

## GREAT WESTERN METROPOLITAN DISTRICT NO. 1

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### Notes To Financial Statements (Continued)

As of December 31, 2021, the District's Service Plan includes a debt authorization limit of \$62,000,000 for all Districts combined. As of December 31, 2021, the amount of debt authorized but unissued was \$45,972,686. District No. 5 intends to issue over time a part or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. In addition to the amounts issued above, the District has \$79,591 of authorized bonds that have been used for bond issuances costs and \$127,723 of funds used for bond repayments, but not allocated in the table above. The general obligation debt is to be paid for with property taxes milled and payable to District No. 5 from District Nos. 6 and 7.

Debt authorization limitation		\$ 62,000,000
Authorization issued by District No. 5	\$ (17,320,000)	
Unallocated but issued debt	(207,314)	
Refunding	1,500,000	(16,027,314)
<b><u>Remaining Authorized But Unissued</u></b>		<b><u>\$ 45,972,686</u></b>

## 9. Commitments And Contingencies

Colorado voters passed the Taxpayer Bill of Rights Amendment (the Amendment) to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending as required by the Amendment. At December 31, 2021, the District restricted \$17,845 for this emergency reserve that was recorded in the General Fund.

## 10. Subsequent Events

Management evaluates subsequent events through the date financial statements are available for issue, which is the date of the Independent Auditors' Report.

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**Required Supplementary Information**

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# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

## GENERAL FUND - BUDGETARY COMPARISON SCHEDULE For The Year Ended December 31, 2021 (With Actual Comparative Information For The Year Ended December 31, 2020)

	2021				2020 Actual
	Original And Final Budget	Actual	Variance Positive (Negative)		
<b>Revenues</b>					
Operations allowance from District No. 5	\$ —	\$ —	\$ —	\$ 70,932	
Service fees	345,872	533,970	188,098	282,429	
Nonpotable water services revenue	37,500	51,616	14,116	41,783	
Nonpotable water dedication	26,600	—	(26,600)	161,622	
Nonpotable water connection fees	25,000	25	(24,975)	41,000	
Interest income	2,483	222	(2,261)	3,150	
<b>Total Revenues</b>	<b>437,455</b>	<b>585,833</b>	<b>148,378</b>	<b>600,916</b>	
<b>Expenditures</b>					
Current:					
General government:					
Accounting and administration	67,350	75,000	(7,650)	66,750	
District management	101,898	97,308	4,590	80,316	
Election	—	—	—	2,788	
Inclusion	30,000	24,922	5,078	—	
Insurance	31,741	27,854	3,887	28,080	
General legal expenses	30,000	33,005	(3,005)	30,378	
Maintenance	11,189	30,439	(19,250)	32,498	
Nonpotable water system operations and maintenance	26,115	18,676	7,439	43,740	
Nonpotable water system utilities	15,350	15,460	(110)	11,872	
Nonpotable water connections	15,000	—	15,000	461	
Miscellaneous services	500	—	500	—	
Office, dues and other	8,500	5,528	2,972	17,785	
Storm water management	20,500	—	20,500	60	
Utilities	3,200	—	3,200	—	
Contingency	20,000	—	20,000	—	
<b>Total Expenditures</b>	<b>381,343</b>	<b>328,192</b>	<b>53,151</b>	<b>314,728</b>	
<b>Excess Of Revenues Over Expenditures</b>	<b>56,112</b>	<b>257,641</b>	<b>201,529</b>	<b>286,188</b>	
<b>Other Financing Sources (Uses)</b>					
Transfers to Capital Projects Fund	(288,385)	(14,739)	273,646	(2,210)	
<b>Net Change In Fund Balance</b>	<b>(232,273)</b>	<b>242,902</b>	<b>475,175</b>	<b>283,978</b>	
<b>Fund Balance - Beginning Of Year</b>	<b>746,625</b>	<b>557,100</b>	<b>(189,525)</b>	<b>273,122</b>	
<b>Fund Balance - End Of Year</b>	<b>\$ 514,352</b>	<b>\$ 800,002</b>	<b>\$ 285,650</b>	<b>\$ 557,100</b>	

Notes: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

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**Supplementary Information**

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# GREAT WESTERN METROPOLITAN DISTRICT NO. 1

## CAPITAL PROJECTS FUND - BUDGETARY COMPARISON SCHEDULE For The Year Ended December 31, 2021 (With Actual Comparative Information For The Year Ended December 31, 2020)

	2021			2020 Actual
	Original And Final Budget	Actual	Variance Positive (Negative)	
<b>Expenditures</b>				
Current:				
Capital outlay	\$ 4,388,385	\$ 1,588,647	\$ 2,799,738	\$ 2,210
Contingency	250,000	—	250,000	—
<b>Total Expenditures</b>	4,638,385	1,588,647	3,049,738	2,210
<b>Deficiency Of Revenues   Over Expenditures</b>	(4,638,385)	(1,588,647)	3,049,738	(2,210)
<b>Other Financing Sources</b>				
Proceeds from note payable	4,350,000	1,573,908	(2,776,092)	—
Transfer from General Fund	288,385	14,739	(273,646)	2,210
<b>Total Other Financing   Sources</b>	4,638,385	1,588,647	(3,049,738)	2,210
<b>Net Change In Fund Balance</b>	—	—	—	—
<b>Fund Balance - Beginning Of Year</b>	—	—	—	—
<b>Fund Balance - End Of Year</b>	\$ —	\$ —	\$ —	\$ —