

City Center West Commercial Metropolitan District

**Financial Statements
December 31, 2019**

**City Center West Commercial Metropolitan District
Financial Report
December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors City Center West Commercial Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each fund of the City Center West Commercial Metropolitan District (the "District"), as of and for the year ended December 31, 2019, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of the City Center West Commercial Metropolitan District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

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

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

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
September 30, 2020**

FINANCIAL STATEMENTS

City Center West Commercial Metropolitan District
Balance Sheet/
Statement of Net Position
December 31, 2019

	<u>Balance Sheet</u>			<u>Adjustments</u>	<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>		
Assets:					
Cash and investments - Unrestricted	46,012	5,111	51,123	-	51,123
Property tax receivable	48,982	230,814	279,796	-	279,796
Accounts receivable - Developer	310	-	310	-	310
Due from Residential District	2,013	-	2,013	-	2,013
Total Assets	<u>97,317</u>	<u>235,925</u>	<u>333,242</u>	<u>-</u>	<u>333,242</u>
Liabilities:					
Accounts payable	40,048	-	40,048	-	40,048
Due to Residential District	-	5,111	5,111	-	5,111
Total Liabilities	<u>40,048</u>	<u>5,111</u>	<u>45,159</u>	<u>-</u>	<u>45,159</u>
Deferred Inflows of Resources:					
Unavailable property taxes	48,982	230,814	279,796	-	279,796
Total Deferred Inflows of Resources	<u>48,982</u>	<u>230,814</u>	<u>279,796</u>	<u>-</u>	<u>279,796</u>
Fund Balance/Net Position:					
Fund Balance:					
Restricted for emergency	1,610	-	1,610	(1,610)	-
Unassigned	6,677	-	6,677	(6,677)	-
Total Fund Balance	<u>8,287</u>	<u>-</u>	<u>8,287</u>	<u>(8,287)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>97,317</u>	<u>235,925</u>	<u>333,242</u>	<u>(333,242)</u>	<u>-</u>
Net Position:					
Restricted for emergency				1,610	1,610
Unrestricted				6,677	6,677
Total Net Position				<u>8,287</u>	<u>8,287</u>

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

City Center West Commercial Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance/
Statement of Activities
For the Year Ended December 31, 2019

	Statement of Revenues, Expenditures and Changes in Fund Balance				Statement of Activities
	General Fund	Debt Service Fund	Total	Adjustments	
Revenues:					
Property tax	50,743	167,928	218,671	-	218,671
Specific ownership tax	2,910	11,638	14,548	-	14,548
Miscellaneous income	15	58	73	-	73
Total Revenues	53,668	179,624	233,292	-	233,292
Expenditures/Expenses:					
Accounting and audit	11,622	-	11,622	-	11,622
Legal	18,308	-	18,308	-	18,308
Insurance	284	-	284	-	284
Miscellaneous	5,613	-	5,613	-	5,613
District management	9,731	-	9,731	-	9,731
County treasurer's fees	656	2,623	3,279	-	3,279
Payment to Residential District	-	177,001	177,001	-	177,001
Interest expense	-	-	-	983	983
Total Expenditures/Expenses	46,214	179,624	225,838	983	226,821
Excess (Deficiency) of Revenues Over Expenditures	7,454	-	7,454	(7,454)	-
Other Financing Sources (Uses):					
Developer reimbursement	(37,749)	-	(37,749)	37,749	-
Total Other Financing Sources (Uses)	(37,749)	-	(37,749)	37,749	-
Change in Fund Balance/Net Position	(30,295)	-	(30,295)	6,471	6,471
Fund Balance/Net Position:					
Beginning	38,582	-	38,582		1,816
Ending	8,287	-	8,287		8,287

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

NOTES TO THE FINANCIAL STATEMENTS

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019

I. Summary of Significant Accounting Policies

City Center West Commercial Metropolitan District (the "District"), a quasi-municipal corporation, was organized on April 17, 2008, and is governed pursuant to provisions of the Colorado Special District Act. Organization of the District was preceded by the September 4, 2007 approval by the City Council of the City of Greeley (the "City") of a Consolidated Service Plan (the "Original Service Plan") for the District and City Center West Residential Metropolitan District (the "Residential District"). The Original Service Plan was superseded by the August 16, 2016 approval by the City Council of the Second Amended and Restated Service Plan for the District, the Commercial District and City Center West Residential Metropolitan District No. 2 (the "Service Plan"). The District was established for the purpose of financing and constructing public improvements benefiting the inhabitants and taxpayers of the District and the Residential District as set forth in the Service Plan. It is anticipated in the Service Plan that substantially all of the public improvements will be dedicated to the City of Greeley (the "City"). The District currently contains approximately 53 acres of property located in the northwestern portion of the City.

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements (continued)

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

2. Fund Financial Statements

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

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

The Debt Service Fund is used to account for property taxes and other revenues used to pay principal, interest, and related costs on debt.

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

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

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting.

Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

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

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents

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

2. Fund Balance

The District classifies governmental fund balances as follows:

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

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

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

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

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

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

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

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet and the government-wide Statement of Net Position include a reconciling column. There is no reconciling item in the adjustment column of the Statement of Net Position.

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

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

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

Some expenses reported in the Statement of Activities do not require the use of current financial resources; and therefore, are not reported in the funds. Accrued interest of \$983 has been reported in the Statement of Activities.

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The developer reimbursement of \$37,749 has been adjusted to be reported as a reduction of liability.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

- (1) For the 2019 budget, prior to August 25, 2018, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2018 only once by a single notification to the District.
- (2) On or before October 15, 2018, the District's management normally submits to the District's Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2019 budget, prior to December 15, 2018, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) supplement appropriations to the extent of revenues in excess of those estimated in the budget; (c) emergency appropriations; and (d) reduce appropriations for which originally estimated revenues are insufficient.

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

(6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2018 were collected in 2019 and taxes certified in 2019 will be collected in 2020. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

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

B. TABOR Amendment - Revenue and Spending Limitation Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District restricted \$1,610 of its December 31, 2019 year-end fund balance in the General Fund for emergencies.

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

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

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

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

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

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

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

IV. Detailed Notes on all Funds

A. Deposits

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

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

B. Receivables - Developer

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

C. Property Taxes

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

D. Long-term Obligations

1. Developer Advance Payable

Since 2014, the District incurred various operating and maintenance expenses that required the request of advance funds from the Developer. In accordance with the 2014 Operation Funding Agreement discussed in Note V. B. below, there is no Developer Advance Payable balance at year end.

The interest rate on the Developer Advance Payable is 8%, and is to be repaid on December 2nd of the following year with any funds legally available after payment of annual operations and maintenance expenses.

2. Authorized, Unissued Debt

At elections held on November 6, 2007, and May 6, 2014, the District's eligible electors authorized the District to issue up to \$500,000,000 in general obligation debt (including operations and maintenance, intergovernmental agreements and debt refunding), all of which remains unissued as of December 31, 2019 for the various purposes summarized in Note III.B. However, the District and City Center West Residential Metropolitan District shall not issue debt in excess of \$20,000,000 in total aggregate principal amount pursuant to the Service Plan nor in excess of \$13,000,000 pursuant to the Debt Allocation IGA (defined and discussed below). The Board of Directors currently has no plan to seek voter approval for general obligation indebtedness in excess of this amount.

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

V. Other Information

A. 2009 Operation Funding Agreement

On December 10, 2009, the District entered into a 2009 Operation Funding Agreement, effective as of January 1, 2009 (the "2009 OFA") with City Center West, L.P., a Colorado limited partnership (the "Developer"). The 2009 OFA sets forth the terms and conditions under which the Developer advanced funds to the District for operations and maintenance expenses incurred in fiscal year 2009. The repayment obligation bears interest at a rate of 8%. The Developer's obligation to advance funds expired on February 28, 2010, and the District's obligation to reimburse the Developer for such advances expires on December 31, 2049. Any amounts outstanding after December 31, 2049, will be deemed discharged and satisfied in full.

B. 2014 Operation Funding Agreement

On June 2, 2014, the District entered into a 2014 Operation Funding Agreement with the Developer, which was amended by a First Amendment approved on November 12, 2014 and a Second Amendment approved on November 2, 2015 (as so amended, the "2014 OFA"). The 2014 OFA sets forth the terms and conditions under which the Developer will advance funds to the District for operations and maintenance expenses incurred in fiscal years 2014 through 2017. The repayment obligation bears interest at a rate of 8%. The Developer's obligation to advance funds expires on December 31, 2019, and the District's obligation to reimburse the Developer for such advances expires on December 31, 2054. Any amounts outstanding after December 31, 2054, will be deemed discharged and satisfied in full. As of December 31, 2019, the District does not have any outstanding balance to the Developer. The District's reimbursement obligation under the 2014 OFA is subordinate to the 2009 OFA.

C. Cost Sharing Agreement

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

These costs will be paid from bond proceeds if: (i) the Districts issue and sell bonds related to the Service Plan infrastructure, (ii) funds are available from such bonds, and (iii) the Developer and Banner enter into a facility funding agreement related to the Service Plan. The Developer and Banner have not yet entered into a facility funding agreement as of December 31, 2019.

D. Capital Pledge Agreement

On December 1, 2014, the District entered into a Capital Pledge Agreement with the Residential District that requires the District to impose ad valorem property taxes for payment of the Series 2014A Senior Bonds, the Series 2014B Subordinate Bonds, and any Additional Revenue Obligations. The lien on the pledged revenues will have priority over any or all other obligations and liabilities of the District.

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

V. Other Information (continued)

E. Intergovernmental Agreement with the City of Greeley, Colorado

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

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

F. Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; or errors or omissions. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. There have been no claims in any of the past three years.

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

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

V. Other Information (continued)

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

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2019 (the latest audited information available) is as follows:

Assets	<u><u>\$ 55,602,023</u></u>
Liabilities	\$ 33,163,342
Capital and surplus	<u>22,438,681</u>
Total	<u><u>\$ 55,602,023</u></u>
Revenue	\$ 22,436,944
Underwriting expenses	<u>25,355,739</u>
Underwriting gain (loss)	<u>\$ (2,918,795)</u>
Other income	<u>1,173,628</u>
Net income (loss)	<u><u>\$ (1,745,167)</u></u>

G. Related Party Transactions

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

H. Subsequent Events

1. COVID-19

The spread of COVID-19 may have operational, economic, and financial impacts on the District. The significance and duration of the potential impacts cannot be reasonably estimated at this time.

2. Bond Issuance

On March 20, 2020, the Board of Directors of the District adopted a resolution to authorize the issuance of its limited tax general obligation refunding and improvement bonds, Series 2020A ("Series 2020A Senior Bonds") and its subordinate general obligation limited tax bonds, Series 2020B ("Series 2020B Subordinate Bonds") in a combined maximum aggregate principal amount of up to \$11,000,000 for the purpose of refunding Series 2014A Senior Bonds and the Series 2014B Subordinate Bonds previously issued by the Residential District, paying, reimbursing and financing certain public improvements, funding a reserve fund for the Series 2020A Senior Bonds, funding capitalized interest for payment of a portion of the interest to accrue on the Series 2020A Senior Bonds, and paying the costs incidental to the issuance of the bonds. On April 9, 2020, \$7,995,000 under the Series 2020A Senior Bonds with the interest rate of 7.00% and maturity date of December 1, 2049 and \$1,162,000 under the Series 2020B Subordinate Bonds with the interest rate of 9.00% and maturity date of December 15, 2049 were issued.

City Center West Commercial Metropolitan District
Notes to the Financial Statements
December 31, 2019
(Continued)

V. Other Information (continued)

H. Subsequent Events (continued)

3. Bond payoff

On April 9, 2020, the Residential District paid off the Series 2014A Senior Bonds and the Series 2014B Subordinate Bonds by utilizing the proceeds from Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds issued by the District.

4. Capital Pledge Agreement

On April 9, 2020, the District entered into a Capital Pledge Agreement with the Residential District that requires the Residential District to impose ad valorem property taxes for payment of the Series 2020A Senior Bonds, the Series 2020B Subordinate Bonds, and any Additional Revenue Obligations. The lien on the pledged revenues will have priority over any or all other obligations and liabilities of the District.

REQUIRED SUPPLEMENTARY INFORMATION

City Center West Commercial Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019		Variance Positive (Negative)	2018
	Original and Final Budget	Actual		Actual
Revenues:				
Property tax	40,184	50,743	10,559	48,369
Specific ownership tax	3,000	2,910	(90)	3,990
Miscellaneous income	-	15	15	94
Total Revenues	<u>43,184</u>	<u>53,668</u>	<u>10,484</u>	<u>52,453</u>
Expenditures:				
Accounting and audit	15,050	11,622	3,428	10,942
Election	-	-	-	589
Legal	9,300	18,308	(9,008)	6,504
Insurance	4,404	284	4,120	5,881
Maintenance and utilities	15,000	-	15,000	-
Miscellaneous	500	5,613	(5,113)	272
District management	7,250	9,731	(2,481)	4,907
County treasurer's fees	603	656	(53)	727
Emergency reserves	1,296	-	1,296	-
Total Expenditures	<u>53,403</u>	<u>46,214</u>	<u>7,189</u>	<u>29,822</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,219)</u>	<u>7,454</u>	<u>17,673</u>	<u>22,631</u>
Other Financing Sources (Uses):				
Developer advance	-	-	-	6,000
Developer reimbursement	-	(37,749)	(37,749)	(42,597)
Total Other Financing (Uses)	<u>-</u>	<u>(37,749)</u>	<u>(37,749)</u>	<u>(36,597)</u>
Change in Fund Balance	(10,219)	(30,295)	(20,076)	(13,966)
Fund Balance - Beginning	19,529	38,582	19,053	52,548
Fund Balance - Ending	<u>9,310</u>	<u>8,287</u>	<u>(1,023)</u>	<u>38,582</u>

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

SUPPLEMENTARY INFORMATION

City Center West Commercial Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019		Variance Positive (Negative)	2018
	Original and Final Budget	Actual		Actual
Revenues:				
Property tax	160,734	167,928	(7,194)	193,476
Specific ownership tax	9,644	11,638	(1,994)	15,962
Miscellaneous income	150	58	92	350
Total Revenues	170,528	179,624	(9,096)	209,788
Expenditures:				
Payment to Residential District	160,590	177,001	(16,411)	206,879
County treasurer's fees	2,412	2,623	(211)	2,909
Total Expenditures	163,002	179,624	(16,622)	209,788
Excess (Deficiency) of Revenues Over Expenditures	7,526	-	7,526	-
Fund Balance - Beginning	69,144	-	69,144	-
Fund Balance - Ending	76,670	-	76,670	-

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