
***GREAT WESTERN METROPOLITAN
DISTRICT NO. 1
FINANCIAL STATEMENTS
DECEMBER 31, 2019***

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditors' 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 from 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 auditors' 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 major fund of the District as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 20, respectively, be presented 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, 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.

Other 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 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund schedule 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.

Report On Summarized Comparative Information

We have previously audited the District's 2018 financial statements, and we expressed unmodified opinions on those audited financial statements in our report dated June 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

July 13, 2020

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

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, 2019.

Financial Highlights

- Assets exceeded liabilities by \$3,503,688 at the end of the fiscal year.
- At December 31, 2019, the District's governmental funds reported combined ending fund balances of \$273,122.
- Total net position increased by \$427,108 at the end of the fiscal year. The primary increase was due to an excess of net revenues in its general government and water operations programs.
- Total cash and investments decreased by \$2,698,999 as compared to 2018, The primary decrease was due to the acquisition of capital assets.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$184,755.

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

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 4 - 5 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 6 - 7 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 9 - 18 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 20 - 21 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 \$3,503,688 at the close of the most recent fiscal year.

	Net Position	
	December 31,	
	2019	2018
Current assets	\$ 456,578	\$2,926,927
Due from other governments	—	1,508
Other assets	21,655	20,487
Nondepreciable capital assets	1,194,863	5,638
Depreciable capital assets, net	2,035,703	131,612
Total Assets	3,708,799	3,086,172
Current liabilities	21,999	9,592
Unavailable fee revenue	183,112	—
Total Liabilities	205,111	9,592
Net investment in capital assets	3,230,566	137,250
Restricted for emergencies	19,688	24,162
Unrestricted	253,434	2,915,168
Total Net Position	\$3,503,688	\$3,076,580

The District's current assets decreased \$2,470,349 mainly due to the acquisition of capital assets.

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Management's Discussion And Analysis (*Continued*)

	Change In Net Position	
	December 31,	
	2019	2018
Revenue		
General revenue		
Service fees	\$ 441,108	\$ 679,993
Interest income	58,668	56,038
Water Operations	85,479	—
Transfer from District No. 5	71,008	69,370
Total Revenues	656,263	805,401
Expenses		
General government	218,512	164,028
Water Operations	10,643	—
Total Expenses	229,155	164,028
Change in net position	427,108	641,373
Net Position - Beginning Of Year	3,076,580	2,435,207
Net Position - End Of Year	\$ 3,503,688	\$ 3,076,580

The District's main revenue sources for 2019 were revenues from Service fees and Contributions from other Districts. The majority of the expenses for general government were accounting, legal, maintenance, utilities, management and administration totaling \$218,512.

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 \$273,122.

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 \$19,688, nonspendable amounts were \$21,655, assigned amounts were \$47,024 and the unassigned fund balance was \$184,755 for a total fund balance of \$273,122.

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Management's Discussion And Analysis (*Continued*)

General Fund Budgetary Highlights

During the year ended December 31, 2019, the District incurred actual expenditures of \$3,322,471 in the General Fund. The difference between actual and budgeted expenditures of \$3,398,113 was \$75,642. Notable savings were achieved in several expense categories, including legal, storm water management and unused contingency.

Capital Assets

The District maintains and owns a limited amount of hardscapes and landscaping. During the year ended December 31, 2019, the District purchased a non-potable water irrigation system and secured the necessary water rights.

Next Year's Budgets And Rates

In 2020, budgeted expenditures for the General Fund are \$842,013 and are anticipated to be primarily funded by service fee revenues and water fee revenue. The 2020 budgeted expenditures decreased from 2019 primarily due to transfers to the Capital Projects Fund that were budgeted and occurred.

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, 2019

(With Summarized Comparative Information

As Of December 31, 2018)

	Governmental Activities	
	2019	2018
Assets		
Cash and investments	\$ 224,211	\$ 2,923,210
Accounts receivable	232,367	3,717
Prepaid insurance	21,655	20,487
Due from other governments	—	1,508
Nondepreciable capital assets	1,194,863	5,638
Depreciable capital assets, net	2,035,703	131,612
Total Assets	3,708,799	3,086,172
Liabilities		
Accounts payable	21,402	9,592
Due to other governments	597	—
Unavailable fee revenue	183,112	—
Total Liabilities	205,111	9,592
Net Position		
Net investment in capital assets	3,230,566	137,250
Restricted for emergencies	19,688	24,162
Unrestricted	253,434	2,915,168
Total Net Position	\$ 3,503,688	\$ 3,076,580

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2019 (With Summarized Comparative Information For The Year Ended December 31, 2018)

Functions/Programs	Expenses	Program Revenues	Net Revenues (Expenses) And Changes In Net Position	
		Charges For Services	Governmental Activities	
			2019	2018
Governmental Activities				
General government	\$ (218,512)	\$ 441,108	\$ 222,596	\$ 515,965
Water operations	(10,643)	85,479	74,836	—
Total Governmental Activities	\$ (229,155)	\$ 526,587	297,432	515,965
General Revenues				
Interest			58,668	56,038
Transfer from District No. 5			71,008	69,370
Total General Revenues			129,676	125,408
Change In Net Position			427,108	641,373
Net Position - Beginning Of Year			3,076,580	2,435,207
Net Position - End Of Year			\$ 3,503,688	\$ 3,076,580

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

(With Summarized Comparative Information
As Of December 31, 2018)

	Assets			
	General Fund	Capital Projects Fund	Total Governmental Funds	
			2019	2018
Cash and investments	\$ 223,267	\$ 944	\$ 224,211	\$ 2,923,210
Accounts receivable	49,255	—	49,255	3,717
Due from other governments	—	—	—	1,508
Prepaid insurance	21,655	—	21,655	20,487
Total Assets	\$ 294,177	\$ 944	295,121	2,948,922

Liabilities And Fund Balance				
Liabilities				
Accounts payable	\$ 20,458	\$ 944	21,402	9,592
Due to other governments	597	—	597	—
Total Liabilities	21,055	944	21,999	9,592
Fund Balance				
Nonspendable	21,655	—	21,655	20,487
Restricted for emergencies	19,688	—	19,688	24,162
Assigned for water enterprise activities	47,024	—	47,024	838,637
Unassigned	184,755	—	184,755	2,056,044
Total Fund Balance	273,122	—	273,122	2,939,330
Total Liabilities And Fund Balance	\$ 294,177	\$ 944		

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.

	3,230,566	137,250
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Net Position Of Governmental Activities

	\$ 3,503,688	\$ 3,076,580
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GREAT WESTERN METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2019 (With Summarized Comparative Information For The Year Ended December 31, 2018)

	General Fund	Capital Projects Fund	Total Governmental Funds	
			2019	2018
Revenues				
Service fees District Nos. 2 - 5	\$ 441,108	\$ —	\$ 441,108	\$ 679,993
Charges for water operations	85,479	—	85,479	—
Interest income	58,668	—	58,668	56,038
Total Revenues	585,255	—	585,255	736,031
Expenditures				
Current:				
General government	196,283	—	196,283	155,447
Water operations	10,643	—	10,643	—
Capital outlay	—	3,115,545	3,115,545	5,638
Total Expenditures	206,926	3,115,545	3,322,471	161,085
Excess (Deficit) Of Revenues Over (Under) Expenditures	378,329	(3,115,545)	(2,737,216)	574,946
Other Financing Sources (Uses)				
Operations allowance from District No. 5	71,008	—	71,008	69,370
Transfer to/from Capital Projects Fund	(3,115,545)	3,115,545	—	—
Total Other Financing Sources	(3,044,537)	3,115,545	71,008	69,370
Net Change In Fund Balances	(2,666,208)	—	(2,666,208)	644,316
Fund Balances - Beginning Of Year	2,939,330	—	2,939,330	2,295,014
Fund Balances - End Of Year	\$ 273,122	\$ —	\$ 273,122	\$ 2,939,330

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

**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, 2019

Net Changes In Fund Balances - Total Governmental Funds	\$ (2,666,208)
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	\$ 3,114,923
Depreciation expense	<u>(21,607) 3,093,316</u>
Change In Net Position Of Governmental Activities	<u>\$ 427,108</u>

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 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.

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 \$85,479 for the year ended December 31, 2019.

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Notes To Financial Statements (*Continued*)

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.

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.

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Notes To Financial Statements (*Continued*)

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*.

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.

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Notes To Financial Statements (*Continued*)

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

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 have third-party limitations on their use or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position represents assets that do 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.

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Notes To Financial Statements (*Continued*)

- *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.

Comparative Data

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, 2018, 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.

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Notes To Financial Statements (*Continued*)

- 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, 2019, 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, 2019, the District's cash and investments consist of the following:

Deposits	\$	4,077
Investments		<u>220,134</u>
Total Cash And Investments	\$	<u>224,211</u>

The District has no policy regarding custodial credit risk for deposits. At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$4,077. The bank balances with these financial institutions totaled \$4,077, of which \$4,077 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
- 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.

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Notes To Financial Statements *(Continued)*

The District had invested \$220,134 in Colorado Government Liquid Asset Trust (COLOTRUST) as of December 31, 2019. 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 AAA 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.

The table below summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2019 and 2018. There are not participant redemption restrictions for these investments.

Investment	Fair Value 2019	Fair Value 2018	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
COLOTRUST	\$ 220,134	\$ 2,911,120	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, 2019 is summarized below:

	Balances December 31,				Balances December 31,
	2018	Additions	Deletions	Transfers	2019
Governmental Activities					
Capital assets, not depreciated:					
Construction in progress	\$ 5,638	\$ —	\$ —	\$ (5,638)	\$ —
Water rights	—	1,194,863	—	—	1,194,863
Total Capital Assets, Not Depreciated	5,638	1,194,863	—	(5,638)	1,194,863
Capital assets, depreciated:					
Water system	19,977	1,920,060	—	5,638	1,945,675
Landscaping	194,541	—	—	—	194,541
Total Capital Assets	214,518	1,920,060	—	5,638	2,140,216
Less: Accumulated depreciation:					
Infrastructure:					
Water system	1,198	13,825	—	—	15,023
Landscaping	81,708	7,782	—	—	89,490
Total Accumulated Depreciation	82,906	21,607	—	—	104,513
Total Capital Assets, Depreciated, Net	131,612	1,898,453	—	5,638	2,035,703
Governmental Activities, Capital Assets, Net	\$ 137,250	\$ 3,093,316	\$ —	\$ —	\$ 3,230,566

Depreciation expense was charged to general government function.

5. 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, 2019.

6. 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

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.

7. 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:

	Authorized	Authorization Issued By District No. 5	Principal Amount Of Authorization Remaining
Streets	\$ 60,000,000	\$ 3,967,696	\$ 56,032,304
Water	60,000,000	3,100,195	56,899,805
Sanitation	60,000,000	4,837,290	55,162,710
Parks and recreation	60,000,000	380,171	59,619,829
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
Total	\$ 843,000,000	\$ 13,785,352	\$ 829,214,648

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

Notes To Financial Statements (Continued)

As of December 31, 2019, the District's Service Plan includes a debt authorization limit of \$62,000,000 for all Districts combined. As of December 31, 2019, the amount of debt authorized but unissued was \$49,507,334. 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	\$ (13,785,352)	
Unallocated but issued debt	(207,314)	
Refunding	1,500,000	(12,492,666)
<u>Remaining Authorized But Unissued</u>		<u>\$ 49,507,334</u>

8. 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, 2019, the District restricted \$19,688 for this emergency reserve that was recorded in the General Fund.

9. Subsequent Events

Subsequent events have been evaluated through July 13, 2020, the date the financial statements were available to be issued.

Required Supplementary Information

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE For The Year Ended December 31, 2019 (With Actual Comparative Information For The Year Ended December 31, 2018)

	2019					2018 Actual
	Original Budget	Final Budget	Actual	Variance Positive (Negative)		
Revenues						
Operations allowance from District No. 5	\$ 69,935	\$ 72,576	\$ 71,008	\$ (1,568)	\$ 69,370	
Service fees	436,808	454,239	441,108	(13,131)	679,993	
Nonpotable water services revenue	22,820	—	—	—	—	
Nonpotable water dedication	—	—	60,479	60,479	—	
Nonpotable water connection fees	75,000	—	25,000	25,000	—	
Interest income	35,000	64,991	58,668	(6,323)	56,038	
Total Revenues	639,563	591,806	656,263	64,457	805,401	
Expenditures						
Current:						
General government:						
Accounting and administration	53,864	35,563	35,026	537	28,712	
District management	72,045	72,045	67,796	4,249	55,620	
Election	—	—	—	—	2,153	
Inclusion	12,000	12,000	5,321	6,679	—	
Insurance	21,873	19,947	19,947	—	18,498	
General legal expenses	55,000	70,000	47,852	22,148	27,568	
Maintenance	9,694	5,636	12,639	(7,003)	16,476	
Nonpotable water system operations and maintenance	19,450	—	863	(863)	—	
Nonpotable water system utilities	27,000	—	9,780	(9,780)	—	
Nonpotable water connections	5,000	—	—	—	—	
Miscellaneous services	500	500	—	500	—	
Office, dues and other	6,500	6,500	7,702	(1,202)	6,420	
Storm water management	15,500	15,500	—	15,500	—	
Utilities	600	600	—	600	—	
Contingency	10,000	30,000	—	30,000	—	
Total Expenditures	309,026	268,291	206,926	61,365	155,447	
Excess Of Revenues Over Expenditures	330,537	323,515	449,337	125,822	649,954	
Other Financing Sources (Uses)						
Transfers to Capital Projects Fund	(1,850,000)	(3,129,822)	(3,115,545)	14,277	(5,639)	
Net Change In Fund Balance	(1,519,463)	(2,806,307)	(2,666,208)	140,099	644,315	
Fund Balance - Beginning Of Year	2,933,098	2,939,330	2,939,330	—	2,295,014	
Fund Balance - End Of Year	\$ 1,413,635	\$ 133,023	\$ 273,122	\$ 140,099	\$ 2,939,329	

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

Supplementary Information

GREAT WESTERN METROPOLITAN DISTRICT NO. 1

CAPITAL PROJECTS FUND - BUDGETARY COMPARISON SCHEDULE For The Year Ended December 31, 2019 (With Actual Comparative Information For The Year Ended December 31, 2018)

	2019		Variance Positive (Negative)	2018 Actual
	Original And Final Budget	Actual		
Revenues				
Capital advances	\$ 4,150,000	\$ —	\$ (4,150,000)	\$ —
Expenditures				
Current:				
Capital outlay	5,750,000	3,115,545	2,634,455	5,638
Contingency	250,000	—	250,000	—
Total Expenditures	6,000,000	3,115,545	2,884,455	5,638
Deficiency Of Revenues Under Expenditures	(1,850,000)	(3,115,545)	(1,265,545)	(5,638)
Other Financing Sources				
Transfer from General Fund	1,850,000	3,115,545	1,265,545	5,638
Net Change In Fund Balance	—	—	—	—
Fund Balance - Beginning Of Year	—	—	—	—
Fund Balance - End Of Year	\$ —	\$ —	\$ —	\$ —