

THE GREENS METROPOLITAN DISTRICT
Weld County, Colorado

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2020

THE GREENS METROPOLITAN DISTRICT

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Greens Metropolitan District
Weld County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of The Greens Metropolitan District (the District) as of and for the year ended December 31, 2020, 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.

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 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 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 major fund of The Greens Metropolitan District, as of December 31, 2020, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 supplemental information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
September 30, 2021

BASIC FINANCIAL STATEMENTS

The Greens Metropolitan District
STATEMENT OF NET POSITION
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 8,830
Cash and investmens - restricted	3,429
Accounts receivable	533
Prepaid expenses	2,035
Property taxes receivable	160,776
Capital assets	2,440,399
Total assets	<u>2,616,002</u>
 LIABILITIES	
Accounts payable	5,997
Accrued interest payable	16,573
Long-term liabilities	
Due in more than one year	5,624,942
Total liabilities	<u>5,647,512</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	160,776
Total deferred inflows of resources	<u>160,776</u>
 NET POSITION	
Restricted	
Emergency reserve (TABOR)	865
Debt service	3,044
Unrestricted	(3,196,195)
Total net position (deficit)	<u>\$ (3,192,286)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

The Greens Metropolitan District
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments - unrestricted	\$ 8,830	\$ -	\$ -	\$ 8,830
Cash and investments - restricted	865	2,564	-	3,429
Prepaid expense	2,035	-	-	2,035
Accounts receivable, County	53	480	-	533
Property taxes receivable	16,076	144,700	-	160,776
Total assets	\$ 27,859	\$ 147,744	\$ -	\$ 175,603
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Accounts payable	\$ 5,997	\$ -	\$ -	\$ 5,997
Total liabilities	5,997	-	-	5,997
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	16,076	144,700	-	160,776
Total deferred inflows of resources	16,076	144,700	-	160,776
FUND BALANCE				
Nonspendable:				
Prepaid expenditures	2,035	-	-	2,035
Restricted:				
Emergency reserves	865	-	-	865
Debt service	-	3,044	-	3,044
Assigned to:				
Subsequent years expenditures	2,886	-	-	2,886
Total fund balance	5,786	3,044	-	8,830
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
	\$ 27,859	\$ 147,744	\$ -	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	2,440,399
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Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position:

Bonds payable	(3,760,000)
Accrued unpaid interest on 2017 Bonds	(210,873)
Accrued interest on bonds payable	(16,573)
Developer advance payable	(1,622,021)
Accrued interest on Developer advance payable	(32,048)

Net position of governmental activities	\$ (3,192,286)
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

The Greens Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 14,653	\$ 131,900	\$ -	\$ 146,553
Specific ownership tax	695	6,260	-	6,955
Interest income	254	193	-	447
Miscellaneous revenue	-	-	-	-
Total revenue	<u>15,602</u>	<u>138,353</u>	<u>-</u>	<u>153,955</u>
EXPENDITURES				
General government				
Accounting and administrative	4,258	-	-	4,258
Audit	500	-	-	500
Directors fees	600	-	-	600
Dues and subscriptions	255	-	-	255
Insurance	2,021	-	-	2,021
Legal	20,890	-	-	20,890
Treasurer's Fees	220	1,980	-	2,200
Capital improvements	-	-	2,440,399	2,440,399
Debt Service:				
Cost of Issuance	-	-	34,319	34,319
Paying agent fee	-	1,500	-	1,500
Interest and fiscal charges	-	132,500	-	132,500
Total expenditures	<u>28,744</u>	<u>135,980</u>	<u>2,474,718</u>	<u>2,639,442</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(13,142)</u>	<u>2,373</u>	<u>(2,474,718)</u>	<u>(2,485,487)</u>
OTHER FINANCING SOURCES (USES)				
Developer advance - Capital	-	-	2,440,399	2,440,399
Bond proceeds	-	-	1,300,000	1,300,000
Repayment of developer advance - principal	-	-	(1,170,449)	(1,170,449)
Repayment of developer advance - interest	-	-	(129,551)	(129,551)
Developer advance - Operating/COI	15,681	-	34,319	50,000
Total other financing sources (uses)	<u>15,681</u>	<u>-</u>	<u>2,474,718</u>	<u>2,490,399</u>
NET CHANGE IN FUND BALANCE	<u>2,539</u>	<u>2,373</u>	<u>-</u>	<u>4,912</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,247</u>	<u>671</u>	<u>-</u>	<u>3,918</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,786</u>	<u>\$ 3,044</u>	<u>\$ -</u>	<u>\$ 8,830</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

The Greens Metropolitan District
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ 4,912</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay in the current period.	2,440,399
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Bond proceeds	(1,300,000)
Repayment of Developer advance - principal	1,170,448
Repayment of Developer advance - interest	129,552
Developer advance - Operating	(50,000)
Developer advance - Capital	(2,440,399)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Interest on Developer advance	(18,027)
Accrued interest on bonds - change in liability	<u>(136,920)</u>
Change in net position - Governmental activities	<u><u>\$ (200,035)</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

The Greens Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u> <u>Original</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property taxes	\$ 14,653	\$ 14,653	\$ 14,653	\$ -
Specific ownership taxes	1,000	1,000	695	(305)
Interest income	150	150	254	104
Total Revenue	<u>15,803</u>	<u>15,803</u>	<u>15,602</u>	<u>(201)</u>
EXPENDITURES				
General government:				
Accounting and administrative	3,500	4,258	4,258	-
Audit	500	500	500	-
Dues and subscriptions	300	255	255	-
Insurance	2,200	2,021	2,021	-
Legal	8,000	20,890	20,890	-
Treasurer's fees	220	220	220	-
Directors' fees	400	600	600	-
Contingency/miscellaneous	2,000	-	-	-
Total Expenditures	<u>17,120</u>	<u>28,744</u>	<u>28,744</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	<u>(1,317)</u>	<u>(12,941)</u>	<u>(13,142)</u>	<u>(201)</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	-	15,681	15,681	-
Total other financing sources (uses)	<u>-</u>	<u>15,681</u>	<u>15,681</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,317)</u>	<u>2,740</u>	<u>2,539</u>	<u>(201)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,612</u>	<u>3,247</u>	<u>3,247</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 295</u>	<u>\$ 5,987</u>	<u>\$ 5,786</u>	<u>\$ (201)</u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

THE GREENS METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Greens Metropolitan District (the "District") is a quasi-municipal political subdivision of the State of Colorado organized on November 21, 2002, originally titled as the Firestone Trails Metropolitan District. On April 10, 2013, the District was re-titled as The Greens Metropolitan District through an approved amendment to the District's Service Plan. The District was organized to provide for construction and financing of street, safety control, water, sanitation, storm drainage and landscaping improvements. The District derives its revenue principally from property taxes and developer advances.

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

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). A summary of the significant accounting policies used in the preparation of these financial statements follows.

Reporting Entity — The District has no component units for which either discrete or blended presentation is required. The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

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 non-fiduciary activities of the government. Eliminations have been made to minimize the double counting of internal activities. These statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all of the financial and capital resources of the District. The difference between the assets, liabilities and deferred inflows of resources is reported as net position.

The statement of activities demonstrates the degree to which direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

THE GREENS METROPOLITAN DISTRICT

Measurement Focus, Basis of Accounting and Financial Statement Presentation — The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes and are recognized as revenue by the District. All other revenue items, including developer advances, 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental fund:

General Fund – The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

Capital Projects Fund – The capital projects fund accounts for the financial resources to be used for the acquisition and construction of capital infrastructure.

When both restricted and unrestricted resources are available for use, it is the District's policy to apply restricted resources first, then unrestricted resources as they are needed.

Property Taxes – Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

THE GREENS METROPOLITAN DISTRICT

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Restricted Cash and Investments — The use of certain cash and investments of the District is restricted. These cash and investment items are classified as restricted assets on the balance sheet because their use is limited by debt agreements.

Capital Assets — Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks, and similar items) are reported 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. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Deferred Inflows and Deferred Outflows of Resources - In addition to assets, the statement of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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 available to be used in the governmental fund financial statements are as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

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),

THE GREENS METROPOLITAN DISTRICT

grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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 that was used 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 that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by 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 resources first to defer the use of these other classified funds.

Estimates — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

1. In the fall, the District Manager 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.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. Prior to December 15, the budget is legally approved.
4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds.

THE GREENS METROPOLITAN DISTRICT

6. The budget for the all funds is adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budgeted amounts are as originally adopted or amended. The Board of Directors approved supplemental appropriations in the General Fund from \$17,120 to \$28,744 and in the Capital Projects Fund from \$2,000,000 to \$3,774,718.
8. All annual appropriations lapse at the end of the year.

3. CASH AND INVESTMENTS

The District's cash and investments are classified in the accompanying financial statements as follows as of December 31, 2020:

Statement of net position:

Cash and investments-unrestricted	\$8,830
Cash and investments-restricted	<u>3,429</u>
Total cash and investments	<u>\$12,259</u>

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

Demand deposits	\$ 6,382
Investments	<u>5,877</u>
Total cash and investments	<u>\$12,259</u>

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. 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 102% of the aggregate uninsured deposits.

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

At December 31, 2020, the District's cash deposits had a bank balance of \$16,382 and a carrying balance of \$6,382.

Investments – The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments.

The District generally limits its investments to those which are believed to have minimal interest rate risk and no foreign currency risk. Additionally, the district is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

THE GREENS METROPOLITAN DISTRICT

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

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments 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
- Commercial paper
- Written repurchase agreements and certain repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- Certain certificates of participation
- Certain securities lending agreements

Fair Value Measurements – The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest level to unobservable inputs (level 3) as follows:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted market prices.

Level 3: Valuation derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Investments measured at NAV:

COLOTRUST

Total investments measured at NAV \$5,877

Investments Measured at NAV:

Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle

THE GREENS METROPOLITAN DISTRICT

established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. A twelve-member Board of Trustees, elected by the fund participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. COLOTRUST reports all investments as level 2 investments while the District's investment in COLOTRUST is reported at NAV. The District has no unfunded commitments or redemption restrictions on their investment in COLOTRUST. The separate audited financial statements of COLOTRUST are available on their website at www.colotruster.com.

Credit risk - State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2020, all of the District's investments were invested in COLOTRUST. COLOTRUST has a credit quality rating of "AAAm", as determined by Standard & Poor Global Ratings.

Interest rate risk - State law limits investments with a maximum maturity date of no more than five years from the date of purchase. The District does not have an investment policy that would further limit its investment choices.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 2,440,399	\$ -	\$ 2,440,399
Total capital assets not being depreciated	<u>\$ -</u>	<u>\$ 2,440,399</u>	<u>\$ -</u>	<u>\$ 2,440,399</u>

THE GREENS METROPOLITAN DISTRICT

5. LONG-TERM LIABILITIES

	Balance at December 31, 2019	Additons	Reductions	Balance at December 31, 2020	Due Within One Year
Governmental activities:					
Bonds payable:					
Limited Tax G.O.Bonds					
Series 2017	\$ 2,460,000	\$ -	\$ -	\$ 2,460,000	\$ -
Series 2020	-	1,300,000	-	1,300,000	-
Accrued unpaid interest on 2017 Bonds	183,473	27,400	-	210,873	-
Total bonds payable	<u>2,643,473</u>	<u>1,327,400</u>	<u>-</u>	<u>3,970,873</u>	<u>-</u>
Developer advances payable					
Developer advance - capital	225,422	2,440,399	1,170,448	1,495,373	-
Developer advance - operating/COI	76,648	50,000	-	126,648	-
Accrued interest on Developer advance	50,075	111,525	129,552	32,048	-
Total developer advances	<u>352,145</u>	<u>2,601,924</u>	<u>1,300,000</u>	<u>1,654,069</u>	<u>-</u>
Total Long-term liabilities	<u>\$ 2,995,618</u>	<u>\$ 3,929,324</u>	<u>\$ 1,300,000</u>	<u>\$ 5,624,942</u>	<u>\$ -</u>

Series 2017 Limited Tax General Obligation Bonds— In 2017, the District issued \$2,460,000 in limited tax general obligation bonds for the purpose of providing for the payment of certain costs of Public improvements incurred by the Developer in accordance with Developer Agreements.

The bonds bear interest at 6.5% per annum, payable on June 1 and December 1, commencing on June 1, 2018, and shall mature on December 1, 2047. The bonds are secured and payable from pledged revenue which consists of moneys derived from the the required mill levy and a portion of the Specific Ownership Tax. The bonds are subject to mandatory redemption in part by lot on December 1 of each year commencing December 1, 2018.

The bonds are subject to redemption prior to maturity, at the option of the District on December 22, 2022, or any date thereafter upon payment of par and accrued interest, without redemption premium. As of December 31, 2020 unpaid interest on the bonds was \$210,873.

Series 2020 Limited Tax General Obligation Bonds— In 2020, the District issued \$1,300,000 in limited tax general obligation bonds for the purpose of providing for the payment of certain costs of Public improvements incurred by the Developer in accordance with Developer Agreements.

The bonds bear interest at 6.0% per annum, payable on June 1 and December 1, commencing on June 1, 2021, and shall mature on December 1, 2050. The bonds are secured and payable from pledged revenue which consists of moneys derived from the the required mill levy and a portion of the Specific Ownership Tax.

THE GREENS METROPOLITAN DISTRICT

Annual debt service requirements to maturity for the 2017 and 2020 general obligation bonds are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 202,940	\$ 202,940
2022	-	227,314	227,314
2023	-	238,423	238,423
2024	88,080	253,460	341,540
2025	97,967	247,735	345,702
2026 - 2030	752,456	1,053,232	1,805,688
2031 - 2035	1,170,273	749,601	1,919,874
2036 - 2040	1,028,224	338,153	1,366,377
2041 - 2045	542,000	127,200	669,200
2046 - 2048	81,000	4,860	85,860
Total	<u>\$ 3,760,000</u>	<u>\$ 3,442,918</u>	<u>\$ 7,202,918</u>

Debt Authorization – On November 5, 2002, a majority of qualified electors of the District who voted in the election authorized the issuance of indebtedness. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$4,400,000. In the future, the District may issue a portion 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. The issuance of any additional debt would require an amendment to the District’s Service Plan. At December 31, 2020, the District had \$640,000 of authorized but unissued debt.

Developer Advances – On December 6, 2011, the District entered into an agreement with MSP Corporation (the “Developer”) for reimbursement of costs related to capital improvements plus interest at 2% plus the current Federal Reserve Board Prime Rate. As of December 31, 2020, outstanding advances under the agreement total \$1,495,373 and accrued interest of \$6,902.

On November 10, 2014, the District entered into an agreement with the Developer for reimbursement of costs associated with the formation, administration, operations and maintenance of public facilities as defined in the District’s Service Plan, and other general fund expenditures plus interest at 2% plus the current Federal Reserve Board Prime Rate, from the date of such advance. At December 31, 2020, outstanding advances under the agreement totaled \$126,648 and accrued interest of \$25,146.

6. AGREEMENTS

Improvement Acquisition Agreement

On December 6, 2011, the District entered into an Improvement Acquisition Agreement with the Developer wherein the Developer will design and construct certain improvements on behalf of the District, and the District would acquire such improvements from the Developer or other appropriate entities.

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Cooperation Agreement

On September 9, 2015, the District entered into an agreement with the Firestone Urban Renewal Authority (“FURA”) wherein tax increment financing (“TIF”) is applied to certain parcels in the District. Per the Agreement, FURA agrees to pay to the District all property tax revenues received by FURA upon taxable property within the Urban Renewal Area.

7. NET POSITION

The District’s net position includes two components: restricted and unrestricted.

Restricted assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Net position includes:

Restricted:

Emergency reserve (TABOR)	\$ 865
Debt service	<u>3,044</u>
Total restricted net position	<u>\$ 3,909</u>

Unrestricted net position consists of the net amount of assets, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District utilizes unrestricted net position before using restricted net position. As of December 31, 2020, the District had unrestricted net position of (\$3,196,195). This deficit is primarily due to the effects of the District’s bond indebtedness, which remain an obligation of the District. The proceeds were used to construct capital assets. Some of the assets were conveyed to other governmental entities.

8. RELATED PARTY

The Developer of the property which constitutes the District is MSP Corporation. The members of the Board of Directors are employees, owners or are otherwise associated with the Developer and its affiliates and may have conflicts of interest dealing with the District.

9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation insurance to its members.

The District pays annual premiums to the Pool for liability and public officials liability 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

THE GREENS METROPOLITAN DISTRICT

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.

10. ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

11. AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, referred to as the Taxpayer's Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 2002, a majority of District electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District for 2002 and any year thereafter, without regard to limitations under TABOR.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual</u>	
REVENUES			
Property taxes	\$ 131,900	\$ 131,900	\$ -
Specific ownership taxes	9,000	6,260	(2,740)
Interest income	-	193	193
Total Revenue	<u>140,900</u>	<u>138,353</u>	<u>(2,547)</u>
EXPENDITURES			
Debt Service:			
Bond payment	134,500	132,500	2,000
Paying agent fee	1,000	1,500	(500)
Treasurers fees	1,970	1,980	(10)
Total Expenditures	<u>137,470</u>	<u>135,980</u>	<u>1,490</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>3,430</u>	<u>2,373</u>	<u>(1,057)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	2,000,000	-	(2,000,000)
Repayment of developer advance - principal	(2,000,000)	-	2,000,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>3,430</u>	<u>2,373</u>	<u>(1,057)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>(826)</u>	<u>671</u>	<u>1,497</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,604</u>	<u>\$ 3,044</u>	<u>\$ 440</u>

The Greens Metropolitan District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u> <u>Original</u>	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Total Revenue	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital improvements	2,000,000	2,440,399	2,440,399	-
Bond issuance costs	-	34,319	34,319	-
Total Expenditures	<u>2,000,000</u>	<u>2,474,718</u>	<u>2,474,718</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	<u>(2,000,000)</u>	<u>(2,474,718)</u>	<u>(2,474,718)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Developer advance - Capital	2,000,000	2,440,399	2,440,399	-
Bond proceeds	-	1,300,000	1,300,000	-
Repayment of developer advance - principal	-	(1,170,449)	(1,170,449)	-
Repayment of developer advance - interest	-	(129,551)	(129,551)	-
Developer advance - COI	-	34,319	34,319	-
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,474,718</u>	<u>2,474,718</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Greens Metropolitan District
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020

\$2,460,000
Limited Tax General Obligation Bonds
Series 2017
Dated December 22, 2017

Bonds and Interest Maturing in the Year Ending December 31,	Interest Payable on June 1		
	Principal and Interest Payable on December 1		
	Principal	Interest	Total
2021	\$ -	\$ 159,900	\$ 159,900
2022	-	159,900	159,900
2023	-	159,900	159,900
2024	88,080	159,900	247,980
2025	97,967	154,175	252,142
2026	109,377	147,807	257,184
2027	116,486	140,697	257,183
2028	129,202	133,126	262,328
2029	137,600	124,728	262,328
2030	151,791	115,784	267,575
2031	161,657	105,917	267,574
2032	177,516	95,410	272,926
2033	189,054	83,871	272,925
2034	206,802	71,583	278,385
2035	220,244	58,140	278,384
2036	240,127	43,824	283,951
2037	255,736	28,216	283,952
2038	178,361	11,593	189,954
	<u>\$ 2,460,000</u>	<u>\$ 1,954,471</u>	<u>\$ 4,414,471</u>

*Debt schedule compiled by bond underwriter based on projected available revenues.
Actual bond maturity date is December 1, 2047.*

The Greens Metropolitan District
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020

\$1,300,000
Limited Tax General Obligation Bonds
Series 2020
Dated December 17, 2020

Bonds and Interest Maturing in the Year Ending December 31,	Interest Payable on June 1		
	Principal and Interest Payable on December 1		
	Principal	Interest	Total
2021	\$ -	\$ 43,040	\$ 43,040
2022	-	67,414	67,414
2023	-	78,523	78,523
2024	-	93,560	93,560
2025	-	93,560	93,560
2026	8,000	88,870	96,870
2027	19,000	77,520	96,520
2028	24,000	76,380	100,380
2029	26,000	74,940	100,940
2030	31,000	73,380	104,380
2031	33,000	71,520	104,520
2032	39,000	69,540	108,540
2033	42,000	67,200	109,200
2034	49,000	64,680	113,680
2035	52,000	61,740	113,740
2036	59,000	58,620	117,620
2037	63,000	55,080	118,080
2038	71,000	51,300	122,300
2039	76,000	47,040	123,040
2040	85,000	42,480	127,480
2041	90,000	37,380	127,380
2042	101,000	31,980	132,980
2043	107,000	25,920	132,920
2044	118,000	19,500	137,500
2045	126,000	12,420	138,420
2046	81,000	4,860	85,860
	<u>\$ 1,300,000</u>	<u>\$ 1,488,447</u>	<u>\$ 2,788,447</u>

*Debt schedule compiled by bond underwriter based on projected available revenues.
Actual bond maturity date is December 1, 2050.*