

GREENSPIRE METROPOLITAN DISTRICT NO. 1
Weld County, Colorado

Financial Statements
and
Independent Auditor's Report
December 31, 2020

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	3
Statement of Activities.....	4
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds...	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	7
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	8
Notes to Financial Statements.....	9
Supplemental Information	
Debt Service Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	20

Independent Auditor's Report

Board of Directors
Greenspire Metropolitan District No 1
Weld County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Greenspire Metropolitan District No 1 (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; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Greenspire Metropolitan District No 1 as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.



Wipfli LLP
Lakewood, Colorado

December 13, 2021

GREENSPIRE METROPOLITAN DISTRICT NO. 1

GREENSPIRE METROPOLITAN DISTRICT NO. 1

**Statement of Net Position
December 31, 2020**

	<u>Governmental Activities</u>
Assets	
Cash	\$ 1,714
Property tax receivable	159
Accounts receivable non-potable water fees	7,454
Other receivables	1,705
Accounts receivable related party - tap fees	22,500
Prepays	10,983
Capital assets, not being depreciated	1,117,939
Capital assets, net of accumulated depreciation	<u>793,519</u>
Total assets	<u>1,955,973</u>
Liabilities	
Accounts payable	39,469
Due to developer, including accrued interest \$609,223	2,096,276
Tax-supported revenue bonds	
Unpaid interest	428,430
Unpaid interest - presale	269,057
Due after one year	<u>3,195,776</u>
Total liabilities	6,029,008
Deferred inflows of resources	
Property taxes	<u>159</u>
Total liabilities and deferred inflows of resources	<u>6,029,167</u>
Net deficit	
Net investment in capital assets	(3,649,651)
Restricted for:	
Emergency reserve	20,000
Debt service	(428,430)
Unrestricted	<u>(15,113)</u>
Total net deficit	<u>\$ (4,073,194)</u>

See notes to financial statements.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

**Statement of Activities
For the Year Ended December 31, 2020**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Government activities					
General government	\$ 307,635	\$ -	\$ -	\$ -	\$ (307,635)
Interest and related costs on long-term debt	223,705	-	-	-	(223,705)
Capital projects	<u>42,294</u>	-	-	-	<u>(42,294)</u>
	<u>\$ 573,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(573,634)</u>
General revenues:					
Property taxes				156	
Specific ownership tax				7	
Non-potable water fees				44,430	
Water tap fees				465,000	
Transfers from other governments				<u>123,877</u>	
Total general revenues				<u>633,470</u>	
Change in net deficit				59,836	
Net deficit beginning of year					<u>(4,133,030)</u>
Net deficit end of year					<u>\$ (4,073,194)</u>

See notes to financial statements.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

**Balance Sheet - Governmental Funds
December 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total Government Funds</u>
Assets			
Assets			
Cash	\$ 1,714	\$ -	\$ 1,714
Property tax receivable	63	96	159
Account receivable non-potable water fees	7,454	-	7,454
Other receivables	1,705	-	1,705
Accounts receivable related party - tap fees	22,500	-	22,500
Prepays	<u>10,983</u>	<u>-</u>	<u>10,983</u>
Total assets	<u>\$ 44,419</u>	<u>\$ 96</u>	<u>\$ 44,515</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 39,469	\$ -	\$ 39,469
Unpaid interest	<u>-</u>	<u>428,430</u>	<u>428,430</u>
Total liabilities	39,469	428,430	467,899
Deferred inflows of resources			
Property taxes	<u>63</u>	<u>96</u>	<u>159</u>
Total liabilities and deferred inflows of resources	<u>39,532</u>	<u>428,526</u>	<u>468,058</u>
Fund balances			
Restricted			
Emergency reserve	20,000	-	20,000
Debt service fund	-	(428,430)	(428,430)
Unrestricted	<u>(15,113)</u>	<u>-</u>	<u>(15,113)</u>
Total fund balances	<u>4,887</u>	<u>(428,430)</u>	<u>(423,543)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 44,419</u>	<u>\$ 96</u>	

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

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds

Capital assets 1,911,458

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds (3,195,776)

Unpaid interest - presale (269,057)

Due to developer, including accrued interest of \$609,223 (2,096,276)

Net position of governmental activities \$ (4,073,194)

See notes to financial statements.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

**Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended December 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total Government Funds</u>
Revenues			
Property taxes	\$ 62	\$ 94	\$ 156
Specific ownership taxes	3	4	7
Non-potable water fees	44,430	-	44,430
Water tap fees	<u>465,000</u>	<u>-</u>	<u>465,000</u>
Total revenues	<u>509,495</u>	<u>98</u>	<u>509,593</u>
Expenditures			
Current			
Property maintenance	42,564	-	42,564
Landscape maintenance	43,281	-	43,281
Legal	60,816	-	60,816
Utilities - water	63,903	-	63,903
Utilities - electric	1,355	-	1,355
Insurance	11,386	-	11,386
Accounting	11,300	-	11,300
Management fees	9,945	-	9,945
Water meters	62,734	-	62,734
Miscellaneous	350	-	350
Treasurer's fees	1	1	2
Bond interest	<u>-</u>	<u>223,704</u>	<u>223,704</u>
Total expenditures	<u>307,635</u>	<u>223,705</u>	<u>531,340</u>
Excess of revenues over (under) expenditures	<u>201,860</u>	<u>(223,607)</u>	<u>(21,747)</u>
Other financing sources			
Interfund transfers	(308,966)	308,966	-
Transfers from District No. 2	66,025	-	66,025
Transfers from District No. 3	<u>57,852</u>	<u>-</u>	<u>57,852</u>
Total other financing sources	<u>(185,089)</u>	<u>308,966</u>	<u>123,877</u>
Net change in fund balances - total governmental funds	16,771	85,359	102,130
Fund balances - beginning of year	<u>(11,884)</u>	<u>(513,789)</u>	<u>(525,673)</u>
Fund balances - end of year	<u>\$ 4,887</u>	<u>\$ (428,430)</u>	<u>\$ (423,543)</u>

See notes to financial statements.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020**

Amounts reported for governmental activities on the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 102,130
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	<u>(42,294)</u>
Changes in net position of governmental activities	<u>\$ 59,836</u>

See notes to financial statements.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

**General Fund - Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 62	\$ 62	\$ 62	\$ -
Specific ownership taxes	3	3	3	-
Non-potable water fees	25,000	44,430	44,430	-
Water tap fees	<u>75,000</u>	<u>465,000</u>	<u>465,000</u>	<u>-</u>
Total revenues	<u>100,065</u>	<u>509,495</u>	<u>509,495</u>	<u>-</u>
Expenditures				
Current				
Property maintenance	-	42,564	42,564	-
Landscape maintenance	65,000	43,281	43,281	-
Legal	19,000	60,816	60,816	-
Utilities - water	26,000	63,903	63,903	-
Utilities - electric	600	1,355	1,355	-
Insurance	11,000	11,386	11,386	-
Accounting	7,500	11,300	11,300	-
Management fees	8,750	9,945	9,945	-
Water meters	12,000	62,734	62,734	-
Miscellaneous	125	350	350	-
Treasurer's fees	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total expenditures	<u>149,976</u>	<u>307,635</u>	<u>307,635</u>	<u>-</u>
Excess of revenues (under) over expenditures	<u>(49,911)</u>	<u>201,860</u>	<u>201,860</u>	<u>-</u>
Other financing sources				
Interfund transfers	(37,500)	(308,966)	(308,966)	-
Transfers from District No. 2	48,227	66,025	66,025	-
Transfers from District No. 3	8,920	57,852	57,852	-
Developer advance	<u>30,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	49,911	(185,089)	(185,089)	-
Fund balance - beginning of year	<u>-</u>	<u>(11,884)</u>	<u>(11,884)</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 4,887</u>	<u>\$ 4,887</u>	<u>\$ -</u>

See notes to financial statements.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 1 - Definition of Reporting Entity and Summary of Significant Accounting Policies

Greenspire Metropolitan District No. 1 (the "District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on November 26, 2002, and is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Weld County, Colorado. The District was established to provide for the design, acquisition, construction, installation, and financing of a non-potable water system and park and recreation facilities.

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in the primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is one of three contiguous districts and is designed in the Service Plan under a multiple district structure. The District exists as the "Service District" and receives property tax revenue from the other two taxing Districts, which are the "Financing Districts."

The District is governed by an elected Board of Directors (the "Board"). The District has no employees, and all operations and administrative functions are contracted.

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

The District's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). GASB is responsible for establishing U.S. GAAP for state and local governments through its pronouncements. The more significant accounting policies established by U.S. GAAP and used by the District are discussed below.

Use of 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 the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 1 - Definition of Reporting Entity and Summary of Significant Accounting Policies **(continued)**

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

The statement of net position reports all financial and capital resources of the District. The operations are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net deficit, and revenues and expenditures, as appropriate.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 1 - Definition of Reporting Entity and Summary of Significant Accounting Policies (continued)

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 general government, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, other taxes, and interest income.

The Debt Service Fund accounts for the resources that are restricted, committed, or assigned for principal and interest on long-term general obligation debt of the governmental funds as well as financial resources being accumulated for future debt service.

Budgets

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Property Taxes

Property taxes are levied by the Board. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments at the 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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected. Property taxes have been historically levied by Greenspire Metropolitan Districts No. 2 and No. 3 and transferred to the District to pay operating and debt service costs.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 1 - Definition of Reporting Entity and Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period, and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statement of net deficit, but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District as of December 31, 2020, are comprised of property taxes due from Weld County that will not be collected within 60 days of the end of the current fiscal year. Deferred inflows of resources in the government-wide financial statements represent property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term promissory notes are reported gross.

Capital Assets

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Pump station	40 years
Non-potable water system	25 years

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable, using the straight-line method. Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction-in-progress and are not depreciated.

Fund Balance - Governmental Funds

The fund balances for the District's governmental funds are displayed in up to five components:

Net investment in capital assets – Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the amount of outstanding debt issued to finance the purchase or construction of those assets.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 1 - Definition of Reporting Entity and Summary of Significant Accounting Policies **(continued)**

Non-spendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

- Emergency reserves of \$20,000 have been provided for as required by Article X, Section 20 of the Colorado Constitution (Note 7).
- The restricted fund balance in the Debt Service Fund is to be used exclusively for the payment of future general obligation bond principal, interest, and related costs.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the Board. There is no committed fund balance for the year ended December 31, 2020.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. There is no assigned fund balance for the year ended December 31, 2020.

Unassigned – The residual classification for the General Fund and includes all amounts not contained in the other classifications.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

Interfund Transfers

Funds are occasionally transferred between funds when the need arises. There were interfund transfers of \$308,966 in 2020.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

The District continues to evaluate the impact of the pandemic and health protocols are having on its operations. No impairments of assets have been recorded as a result of the pandemic as of December 31, 2020. Due to the significant uncertainty surrounding the situation, the Board's judgment regarding the impact of the pandemic may change in the future. The extent of future impact cannot be reasonably estimated at this time.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 2 - Cash

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (the "PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators.

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 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.

Note 3 - Capital Assets

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

<u>Governmental Type Activities</u>	<u>Balance at January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2020</u>
Capital assets not being depreciated				
Landscaping improvements	\$ 1,117,939	\$ -	\$ -	\$ 1,117,939
Total capital assets not being depreciated	<u>1,117,939</u>	<u>-</u>	<u>-</u>	<u>1,117,939</u>
Capital assets being depreciated				
Pump station	672,282	-	-	672,282
Non-potable water system	<u>637,168</u>	<u>-</u>	<u>-</u>	<u>637,168</u>
Total capital assets being depreciated	<u>1,309,450</u>	<u>-</u>	<u>-</u>	<u>1,309,450</u>
Accumulated depreciation				
Pump station	(193,280)	(16,807)	-	(210,087)
Non-potable water system	<u>(280,357)</u>	<u>(25,487)</u>	<u>-</u>	<u>(305,844)</u>
Total accumulated depreciation	<u>(473,637)</u>	<u>(42,294)</u>	<u>-</u>	<u>(515,931)</u>
Net capital assets being depreciated	<u>835,813</u>	<u>(42,294)</u>	<u>-</u>	<u>793,519</u>
Government-type assets, net	<u>\$ 1,953,752</u>	<u>\$ (42,294)</u>	<u>\$ -</u>	<u>\$ 1,911,458</u>

Depreciation expense for the year ended December 31, 2020 of \$42,294 was charged to the general

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 3 - Capital Assets (continued)

government function/program.

Note 4 - Long-Term Obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance at January 1, 2020	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, 2020	Due Within One Year
General obligation bonds - Series 2005	\$ 185,669	\$ -	\$ -	\$ 185,669	\$ -
General obligation bonds - Series 2009	1,935,107	-	-	1,935,107	-
General obligation bonds - Series 2010	<u>1,075,000</u>	<u>-</u>	<u>-</u>	<u>1,075,000</u>	<u>-</u>
	3,195,776	-	-	3,195,776	-
Developer advances	<u>1,487,053</u>	<u>-</u>	<u>-</u>	<u>1,487,053</u>	<u>-</u>
Total	<u>\$ 4,682,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,682,829</u>	<u>\$ -</u>

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds

On December 6, 2005, the District approved the issuance of up to \$5,900,000 of Limited Tax General Obligation Bonds (the "general obligation bonds") in one or more series with interest at 7% for the purpose of paying costs of financing the design, acquisition, construction, and equipping of certain public improvements within the District. The general obligation bonds will mature 30 years from the date of issuance. The general obligation bonds are subject to redemption, in whole or in part, in any order determined by the District at any time a redemption price equal to the principal amount to be redeemed, plus interest accrued thereon to the date of redemption. The District has issued \$3,195,776 in general obligation bonds as of December 31, 2020.

The general obligation bonds are payable from all legally available sources, but if such sources are not sufficient to timely pay interest on any bond, interest shall continue to accrue on such bond, and it shall not be deemed an event of default if any such payment of interest is not made when due. The District shall not be required to fix and certify rate of levy of ad valorem taxes for repayment of the general obligation bonds in excess of 20 mills, until such time as the principal amount of all general obligation bonds of the District outstanding is less than or equal to 50% of the certified assessed valuation of all taxable property in the District, provided, however, that the 20 mills limitation shall be automatically adjusted by and to the extent of the assessment ratio change. In no event, however, shall the new mill limitation, as adjusted, ever exceed 50% of the certified assessed valuation of all taxable

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 4 - Long-Term Obligations (continued)

property in the District.

On March 30, 2011, the bond holder/developer entered into an agreement to sell the general obligation bonds then outstanding, with no accrued unpaid interest. The unpaid interest on the general obligation bonds payable to the prior bondholder as of the date of the transaction totaled \$269,057 and is reflected on the statement of deficit as unpaid interest - presale.

The Series 2010 bond totaling \$1,075,000 had previously only been drawn by the District to a total balance of \$534,231. As a result of the sale, the bond holder agreed to deposit \$500,000 in an Interest Reserve account from the proceeds of the sale. The District is permitted to apply any amounts used from the Interest Reserve account first to filling up the remaining portion of the Series 2010 bond.

As a result of this transaction, the District initially recognized (in the government-wide financials) a receivable from the bond holder/developer for the \$540,769 remaining to fill up the Series 2010 bond. During 2011, the developer advanced \$40,769 (among other funds), and the the remaining \$500,000 was considered allocable to the Interest Reserve. Through December 31, 2020, \$454,480 of interest payable has been paid from the Interest Reserve and is reflected as bond proceeds, as the amounts are considered part of the fill up of the original general obligation bonds coming from the Interest Reserve. The remaining balance of the Interest Reserve of \$45,520 was paid as interest during 2014.

Developer Advances

The District entered into a Funding and Reimbursement Agreement on November 18, 2003, with Lot Holding Investment, LLC (the "Developer"), as amended on August 17, 2004; July 22, 2008; November 18, 2008; November 17, 2009; November 16, 2010; November 16, 2011; and November 6, 2012. The agreement outlines the terms of repayment for advances made to the District by the Developer for operation, maintenance, and capital costs. The Developer has paid costs associated with the organization and operation of the District in prior years, which the District acknowledges. The Developer agrees to loan the District sums of money as necessary up to \$300,000 through December 31, 2016. Advances under this agreement bear simple interest at a rate of 7% per year. At December 31, 2020, there was \$1,487,053 of advances made with total accrued interest of \$609,223 outstanding.

The outstanding bond principal and interest mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 223,704	\$ 223,704
2022	-	223,704	223,704
2023	-	223,704	223,704
2024	-	223,704	223,704
2025	-	223,704	223,704
2026-2030	-	1,118,520	1,118,520
2031-2035	185,699	1,118,520	1,304,219
2036-2040	<u>3,010,107</u>	<u>781,369</u>	<u>3,791,476</u>
	<u>\$ 3,195,806</u>	<u>\$ 4,136,929</u>	<u>\$ 7,332,735</u>

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 4 - Long-Term Obligations (continued)

Debt Authorization

On May 6, 2008, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$92,000,000 at an interest rate not to exceed 18% per annum. The debt was authorized in the amount of \$11,500,000 for each of the following purposes:

- Streets
- Park and recreation facilities
- Water facilities
- Mosquito control
- Administration
- Operation and maintenance expenses
- Intergovernmental debt
- Payment, refunding, refinancing, or defeasance of debt
- Agreements with private parties

As of December 31, 2020, the District had \$88,804,224 in authorized, but unissued debt.

Note 5 - Related Parties

Certain members of the Board are employees, owners, or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts have been disclosed to the Board.

The District has not yet established a sufficient tax base to generate revenues to support operations. As a result, the District is dependent on developer advances to fund operations.

Note 6 - Risk Management

Except as provided in the Colorado Governmental Immunity Act as it may be amended, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool") as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members.

The District pays annual premiums to the Pool for liability, property, 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 contributions from the Pool members. Any excess funds that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

GREENSPIRE METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements

Note 7 - Tax, Spending, and Debt Limitations

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue, and debt limitations, which apply to the state of Colorado and all local governments. Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

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

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

On May 6, 2008, the District's electors authorized the District to increase taxes by the imposition of ad valorem property taxes in any year without limitation as to rate or amount or any other condition in fiscal year 2008 and in each fiscal year thereafter as follows:

- \$2,000,000 annually, or such lessor amount as necessary, to pay the District's administration operations, and maintenance and other similar expenses
- \$5,000,000 annually, or such lessor amount as necessary, for the payment of such amounts due pursuant to one or more intergovernmental agreements or other contracts
- \$5,000,000 annually, or such lessor amount as necessary, for the payment of such amounts due pursuant to one or more agreements or other contracts with private parties

On May 6, 2008, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20, of TABOR.

Note 8 - Commitments and Contingencies

On December 13, 2016, the Board entered into an agreement to pledge 50% of all revenues received from tap fees for repayment of the bonds. The term of the agreement is through the maturity of the bonds. For the year ended December 31, 2020, the District paid accrued interest of \$232,500, to the Developer from tap fee revenue.

SUPPLEMENTAL INFORMATION

GREENSPIRE METROPOLITAN DISTRICT NO. 1

**Debt Service Fund - Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 94	\$ 94	\$ 94	\$ -
Specific ownership taxes	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Total revenues	<u>98</u>	<u>98</u>	<u>98</u>	<u>-</u>
Expenditures				
Current				
Treasurer's fees	1	1	1	-
Bond interest	<u>223,704</u>	<u>223,704</u>	<u>223,704</u>	<u>-</u>
Total expenditures	<u>223,705</u>	<u>223,705</u>	<u>223,705</u>	<u>-</u>
Excess of revenues under expenditures	<u>(223,607)</u>	<u>(223,607)</u>	<u>(223,607)</u>	<u>-</u>
Other financing sources				
Interfund transfers	37,500	308,966	308,966	-
Transfers from District No. 2	72,766	-	-	-
Transfers from District No. 2	13,104	-	-	-
Developer advance	<u>100,237</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>223,607</u>	<u>308,966</u>	<u>308,966</u>	<u>-</u>
Net change in fund deficit	-	85,359	85,359	-
Fund deficit - beginning of year	<u>-</u>	<u>(513,789)</u>	<u>(513,789)</u>	<u>-</u>
Fund deficit - end of year	<u><u>\$ -</u></u>	<u><u>\$ (428,430)</u></u>	<u><u>\$ (428,430)</u></u>	<u><u>\$ -</u></u>