

Westglenn Metropolitan District

Year Ended December 31, 2022
with
Independent Auditor's Report

Westglenn Metropolitan District

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with
Independent Auditor's Report

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Board of Directors
Westglenn Metropolitan District
Jefferson County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Westglenn Metropolitan District (the "District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Westglenn Metropolitan District as of December 31, 2022, 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 of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Other Matters

Required Supplemental Information

Management has omitted the 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 operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The 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 of America. 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

May 19, 2023

Westglenn Metropolitan District

Balance Sheet/Statement of Net Position Governmental Funds December 31, 2022 (See Independent Auditor's Report)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 584,063	\$ 240	\$ -	\$ 584,303
Cash and investments - restricted	12,090	878,636	360,847	1,251,573
Property taxes receivable	343,343	648,537	-	991,880
Capital assets not being depreciated	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 939,496</u>	<u>\$ 1,527,413</u>	<u>\$ 360,847</u>	<u>\$ 2,827,756</u>
Liabilities:				
Interest payable	\$ -	\$ -	\$ -	\$ -
Prior year tax rebate liability	-	240	-	240
Long-term liabilities:				
Due within one year	-	-	-	-
Due after one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>240</u>	<u>-</u>	<u>240</u>
Deferred inflows of resources:				
Deferred property tax revenue	<u>343,343</u>	<u>648,537</u>	<u>-</u>	<u>991,880</u>
Fund balance:				
Restricted for:				
Debt service	-	878,636	-	878,636
Emergency reserve	12,090	-	-	12,090
Capital improvement	-	-	360,847	360,847
Unassigned	<u>584,063</u>	<u>-</u>	<u>-</u>	<u>584,063</u>
Total fund balances	<u>596,153</u>	<u>878,636</u>	<u>360,847</u>	<u>1,835,636</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 939,496</u>	<u>\$ 1,527,413</u>	<u>\$ 360,847</u>	<u>\$ 2,827,756</u>

(continued)
(See Notes to Basic Financial Statements)

Westglenn Metropolitan District

Balance Sheet/Statement of Net Position Governmental Funds (continued) December 31, 2022 (See Independent Auditor's Report)

	Adjustments	Statement of Net Position
Assets:		
Cash and investments	\$ -	\$ 584,303
Cash and investments - restricted	-	1,251,573
Property tax receivable	-	991,880
Capital assets not being depreciated	424,829	424,829
	<u>424,829</u>	<u>424,829</u>
Total assets	<u>\$ 424,829</u>	<u>\$ 3,252,585</u>
Liabilities:		
Interest payable	\$ 2,516	\$ 2,516
Prior year tax rebate liability	-	240
Long-term liabilities:		
Due within one year	495,000	495,000
Due after one year	508,000	508,000
	<u>1,005,516</u>	<u>1,005,756</u>
Total liabilities	<u>1,005,516</u>	<u>1,005,756</u>
Deferred inflows of resources:		
Deferred property tax revenue	-	991,880
	<u>-</u>	<u>991,880</u>
Fund balance:		
Restricted for:		
Debt service	(878,636)	-
Emergency reserve	(12,090)	-
Capital improvement	(360,847)	-
Unassigned	(584,063)	-
	<u>(1,835,636)</u>	<u>-</u>
Total fund balances	<u>(1,835,636)</u>	<u>-</u>
Net position:		
Restricted for:		
Debt service	876,120	876,120
Emergencies	12,090	12,090
Capital improvement	360,847	360,847
Unrestricted	5,892	5,892
	<u>5,892</u>	<u>5,892</u>
Total net position	<u>\$ 1,254,949</u>	<u>\$ 1,254,949</u>

(See Notes to Basic Financial Statements)

Westglenn Metropolitan District

Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds Year Ended December 31, 2022 (See Independent Auditor's Report)

	General	Debt Service	Capital Improvement	Total Governmental Funds
Expenditures:				
Audit fees	\$ 10,250	\$ -	\$ -	\$ 10,250
Accounting fees	22,800	-	-	22,800
Board of directors' fees	2,232	-	-	2,232
Bond interest	-	45,219	-	45,219
Bond principal	-	480,000	-	480,000
Insurance	7,631	-	-	7,631
Irrigation repairs	4,997	-	-	4,997
Landscape maintenance	77,777	-	-	77,777
Legal fees	22,372	-	853	23,225
Miscellaneous	9,538	-	-	9,538
Office expense	25,800	-	-	25,800
Park maintenance	26,056	-	-	26,056
Site specialties	14,379	-	-	14,379
Snow removal	5,625	-	-	5,625
Treasurer's fees	-	13,715	-	13,715
Utilities	1,342	-	-	1,342
Water and sewer	77,988	-	-	77,988
Total expenditures	<u>308,787</u>	<u>538,934</u>	<u>853</u>	<u>848,574</u>
Revenues:				
Property tax	314,622	594,286	-	908,908
Specific ownership tax	62,785	-	-	62,785
Investment income	248	-	-	248
Total revenues	<u>377,655</u>	<u>594,286</u>	<u>-</u>	<u>971,941</u>
Excess (deficiency) of revenue over expenditures	68,868	55,352	(853)	123,367
Fund balances/net position - beginning of year	<u>527,285</u>	<u>823,284</u>	<u>361,700</u>	<u>1,712,269</u>
Fund balances/net position - end of year	<u>\$ 596,153</u>	<u>\$ 878,636</u>	<u>\$ 360,847</u>	<u>\$ 1,835,636</u>

(continued)
(See Notes to Basic Financial Statements)

Westglenn Metropolitan District

Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds (continued) Year Ended December 31, 2022 (See Independent Auditor's Report)

	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures:		
Audit fees	\$ -	\$ 10,250
Accounting fees	-	22,800
Board of directors' fees	-	2,232
Bond interest	(1,204)	44,015
Bond principal	(480,000)	-
Insurance	-	7,631
Irrigation repairs	-	4,997
Landscape maintenance	-	77,777
Legal fees	-	23,225
Miscellaneous	-	9,538
Office expense	-	25,800
Park maintenance	-	26,056
Site specialties	-	14,379
Snow removal	-	5,625
Treasurer's fees	-	13,715
Utilities	-	1,342
Water and sewer	-	77,988
Total expenditures	<u>(481,204)</u>	<u>367,370</u>
Revenues:		
Property tax	-	908,908
Specific ownership tax	-	62,785
Investment income	-	248
Total revenues	<u>-</u>	<u>971,941</u>
Excess (deficiency) of revenue over expenditures	481,204	604,571
Fund balances/net position - beginning of year	<u>(1,061,892)</u>	<u>650,378</u>
Fund balances/net position - end of year	<u>\$ (580,688)</u>	<u>\$ 1,254,949</u>

(See Notes to Basic Financial Statements)

Westglenn Metropolitan District

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget General Fund Year Ended December 31, 2022 (See Independent Auditor's Report)

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Property tax	\$ 314,622	\$ 311,017	\$ 3,605
Specific ownership taxes	62,785	62,400	385
Investment income	248	84	164
	<u>377,655</u>	<u>373,501</u>	<u>4,154</u>
Total revenues			
Expenditures:			
Audit fees	10,250	10,250	-
Accounting fees	22,800	22,800	-
Board of directors' fees	2,232	3,200	968
Insurance	7,631	7,750	119
Irrigation repairs	4,997	8,000	3,003
Landscape maintenance	77,777	84,800	7,023
Legal fees	22,372	50,000	27,628
Miscellaneous	9,538	17,300	7,762
Office expense	25,800	25,800	-
Park maintenance	26,056	38,100	12,044
Site specialties	14,379	43,000	28,621
Snow removal	5,625	10,000	4,375
Utilities	1,342	2,000	658
Water and sewer	77,988	80,000	2,012
	<u>308,787</u>	<u>403,000</u>	<u>94,213</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	68,868	(29,499)	98,367
Fund balances - beginning of year	<u>527,285</u>	<u>521,506</u>	<u>5,779</u>
Fund balances - end of year	<u>\$ 596,153</u>	<u>\$ 492,007</u>	<u>\$ 104,146</u>

(See Notes to Basic Financial Statements)

Westglenn Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2022
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies

The accounting policies of the Westglenn Metropolitan District (the "District"), located in Westminster, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of reporting entity

The District was organized on June 7, 1985 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Jefferson County Colorado. The District was established for the purpose of constructing and installing water, sanitation and street improvements, and traffic safety controls. The District deeded these improvements to the City of Westminster for future maintenance and operation. The District currently has responsibility for maintaining certain landscaping within the District's boundaries.

The District follows 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 a 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.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District has no component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

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 has no employees, and all operations and administrative functions are contracted.

Westglenn Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2022
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Basis of presentation

The accompanying financial statements are presented per GASB Statement No. 34, *Special Purpose Governments*.

The government funds balance sheet / statement of net position and the statement of governmental fund revenues, expenditures and changes in fund balances/statement of activities report information on all of the governmental activities of the District. The statement of activities demonstrates the degree to which expenditures/revenues of the governmental funds are supported by general revenues. The effect of interfund activity has been removed from these statements.

The statement of net position reports all financial and capital resources of the District. The difference between (a) assets and deferred outflows of resource and the (b) liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the 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. 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 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 the 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 accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Government 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 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 period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

Westglenn Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2022
(See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of long-term obligation principal, interest and related costs.

Capital Improvement Fund – The Capital Improvement Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgets and budgetary accounting

In accordance with the Colorado State Budget Law, the District's Board of Directors follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before October, the Board prepares a proposed operating budget for each fund, based on their respective basis of accounting, for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Following public notice as required by state law, a public hearing is held on the proposed budget.
3. After considering comments received, the budget is formally adopted by resolution.
4. On or before December 15, the required mill levy is adopted by resolution. The mill levy is then certified to the county commissioners.
5. Before December 31, the expenditures are appropriated for the ensuing year. The appropriation is at the total fund level and lapses at year-end.

Encumbrance accounting, under which commitments related to unperformed contracts for goods and services are recorded to reserve a portion of the current appropriation, is not used by the District.

Westglenn Metropolitan District

Notes to Basic Financial Statements Year Ended December 31, 2022 (See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Cash

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position 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 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, (e.g. roads, bridges, sidewalks, and similar items), 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 acquisition value at the date of donation.

Westglenn Metropolitan District

Notes to Basic Financial Statements Year Ended December 31, 2022 (See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2022.

Fund balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Non-spendable fund balance: The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact

Restricted fund balance: The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance: The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance: The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance: The residual portion of fund balance that does not meet any of the above criteria.

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

Westglenn Metropolitan District

Notes to Basic Financial Statements Year Ended December 31, 2022 (See Independent Auditor's Report)

1. Summary of Significant Accounting Policies (continued)

Net position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports the following categories of net position:

Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Assigned net position – Net position is considered assigned if it is constrained by the government's intent to be used for specific purposes but is not considered restricted.

Unrestricted net position – Consists of all other net positions that do not meet the definition of the above components and is available for general use by the District.

2. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The County certifies the assessed valuation of the District in August of the preceding year, and the District is obligated to certify the mill levies to the County by December 15 of the preceding year. Taxes are levied on December 22 and due in either one installment on April 30, or two installments on February 28 and June 15. The County bills and collects the District's property taxes. The 2022 general property taxes, which are assessed and collected in 2023, have been accrued as receivables and deferred revenue at December 31, 2022. As taxes are collected during 2023, the accrual and deferral are reduced accordingly.

3. Cash and Investments

Cash and investments as of December 31, 2022 are classified on the accompanying financial statements as follows:

Cash and investments	\$ 584,303
Cash and investments - restricted	1,251,573
	\$ 1,835,876

Cash and investments as of December 31, 2022 consist of the following:

Insured deposits	\$ 50,268
Investments with financial institutions	1,785,608
	\$ 1,835,876

Westglenn Metropolitan District

Notes to Basic Financial Statements Year Ended December 31, 2022 (See Independent Auditor's Report)

3. Cash and Investments (continued)

Deposits with financial institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash in eligible 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 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, 2022, the District's cash deposits had a bank balance and carrying balance as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured deposits	<u>\$ 50,268</u>	<u>\$ 50,570</u>

Investments

Certain investments are measured at fair value 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is a pooled money market savings account and is not required to be categorized within the fair value hierarchy.

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

None of the District's investments are subject to custodial or concentration of credit risk.

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Single Institution Pool	Less than 1 Year	<u>\$ 1,785,608</u>

Westglenn Metropolitan District

Notes to Basic Financial Statements Year Ended December 31, 2022 (See Independent Auditor's Report)

4. Capital Assets

Changes in capital assets for the year ended December 31, 2022 are as follows:

	Balance at January 1, 2022	Additions	Deletions	Balance at December 31, 2022
<u>Capital Assets Not Being Depreciated</u>				
Construction in Progress	\$ 424,829	\$ -	\$ -	\$ 424,829
Total Capital Assets Not Being Depreciated	<u>\$ 424,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,829</u>

5. Long Term Obligations

In May 2014, the Board of Directors of the District authorized the issuance of a tax-exempt loan bearing interest at 3.01% payable semi-annually over ten years. The loan was issued to redeem the remaining balance of the \$6,000,000 General Obligation Refunding and Improvement Bonds, Series 2010, dated March 5, 2010.

The following is an analysis of changes in long-term obligations for the year ended December 31, 2022:

	Balance at January 1, 2022	Additions	Payments	Balance at December 31, 2022	Current Portion
Tax Exempt Loan	<u>\$ 1,483,000</u>	<u>\$ -</u>	<u>\$ (480,000)</u>	<u>\$ 1,003,000</u>	<u>\$ 495,000</u>

The maturity schedule and the annual requirements to amortize the tax-exempt loan outstanding at December 31, 2022, are as follows:

Year	Principal	Interest	Total
2023	\$ 495,000	\$ 30,190	\$ 525,190
2024	<u>508,000</u>	<u>15,290</u>	<u>523,290</u>
	<u>\$ 1,003,000</u>	<u>\$ 45,480</u>	<u>\$ 1,048,480</u>

Westglenn Metropolitan District

Notes to Basic Financial Statements Year Ended December 31, 2022 (See Independent Auditor's Report)

6. Net Position

The District has net position consisting of three components - restricted, assigned and unrestricted.

Restricted net position includes net positions that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations. The District had a restricted net position as of December 31, 2022 for emergency reserve, debt service and capital projects of \$12,090, \$878,636 and \$360,847, respectively.

Assigned assets include assets that are constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. The District had an assigned net position of \$29,499 as of December 31, 2022.

The District's unrestricted net position as of December 31, 2022 is (\$23,607). This deficit amount was a result of the District being responsible for the repayment of the tax exempt loans issued to repay the bond obligation for public improvements which were conveyed to other government entities and which costs were removed from the District's financial records.

7. Related Party Transactions and Development Fees

The President of the Board is associated with an entity which provides administrative services for the District at a current cost of \$2,150 per month. For the year ended December 31, 2022, the District paid a total of \$25,800 in administrative fees to this entity.

8. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; and natural disasters. The District purchases insurance coverage from the Colorado Special Districts Property and Liability Pool (the "Pool") covering all areas in which there is a risk of loss. 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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Westglenn Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2022
(See Independent Auditor's Report)

9. Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's 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.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above tax policy change directly causing a net tax revenue gain to any local government.

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.

Westglenn Metropolitan District

Notes to Basic Financial Statements
Year Ended December 31, 2022
(See Independent Auditor's Report)

10. Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

Explanation of differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet and the government-wide statement of net position include a reconciling column. Explanation of the adjustments included in the reconciliation column is as follows:

Capital assets not being depreciated	<u>\$ 424,829</u>
Long-term debt and related accrued interest payable	<u>\$ (1,005,516)</u>

Capital improvements used in government activities are not financial resources and, therefore, are not reported in the funds.

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

The government fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities include a reconciling column. Explanations of the adjustments included in the reconciling column are as follows:

Debt principal paid during the current year	<u>\$(480,000)</u>
Net accrued interest expense for the current year	<u>\$ 1,204</u>

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives.

Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the statement of activities.

Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

Accompanying Supplemental Information
(See Independent Auditor's Report)

Westglenn Metropolitan District

Statement of Revenues, Expenditures and Changes in Fund
Balance - Actual and Budget
Debt Service Fund
Year Ended December 31, 2022
(See Independent Auditor's Report)

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Property tax	\$ 594,286	\$ 587,476	\$ 6,810
Total revenues	<u>594,286</u>	<u>587,476</u>	<u>6,810</u>
Expenditures:			
Bond interest	45,219	45,600	381
Bond principal	480,000	480,000	-
Treasurer's fees	<u>13,715</u>	<u>13,477</u>	<u>(238)</u>
Total expenditures	<u>538,934</u>	<u>539,077</u>	<u>143</u>
Excess of revenues over expenditures	55,352	48,399	6,953
Fund balances - beginning of year	<u>823,284</u>	<u>824,305</u>	<u>(1,021)</u>
Fund balances - end of year	<u>\$ 878,636</u>	<u>\$ 872,704</u>	<u>\$ 5,932</u>

Westglenn Metropolitan District

Statement of Revenues, Expenditures and Changes in Fund
Balance - Actual and Budget
Capital Improvement Fund
Year Ended December 31, 2022
(See Independent Auditor's Report)

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
Expenditures:			
Legal fees	\$ 853	\$ 10,000	\$ 9,147
Capital outlay	<u>-</u>	<u>351,960</u>	<u>351,960</u>
Total expenditures	<u>853</u>	<u>361,960</u>	<u>361,107</u>
Excess of expenditures over revenues	(853)	(361,960)	361,107
Fund balances - beginning of year	<u>361,700</u>	<u>361,960</u>	<u>(260)</u>
Fund balances - end of year	<u><u>\$ 360,847</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 360,847</u></u>