

**Westgate Metropolitan District No. 1**  
**Weld County, Colorado**

**Financial Statements**  
**December 31, 2022**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Westgate Metropolitan District No. 1  
Weld County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Westgate Metropolitan District No. 1 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Westgate Metropolitan District No. 1, as of December 31, 2022, and the respective changes in financial position 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Westgate Metropolitan District No. 1 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 opinion.

### Responsibilities of Management 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.

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 Westgate Metropolitan District No. 1's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 opinion. 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Westgate Metropolitan District No. 1'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 Westgate Metropolitan District No. 1'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 Supplementary Information*

Management has omitted management 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 opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was made for the purpose of forming an opinion on the District's basic financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the District's basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the District's basic financial statements taken as a whole.

*Haynie & Company*

Littleton, Colorado  
September 27, 2023

## **BASIC FINANCIAL STATEMENTS**

**Westgate Metropolitan District No. 1**  
**Statement of Net Position**  
**December 31, 2022**

<b>Assets</b>	<b>Governmental Activities</b>
Cash and investments - restricted	\$ 697,754
Accounts receivable	5,540
Property taxes receivable	20
Prepaid expense	1,281
Due from District 2	8,371
Capital assets	9,681,307
Total assets	<u>10,394,273</u>
 <b>Liabilities</b>	
Accounts payable	16,903
Developer advance	254,491
Accrued interest	24,025
Due to District No. 2	1,051
Total liabilities	<u>296,470</u>
 <b>Deferred Inflows of Resources</b>	
Deferred property taxes	19
Total deferred inflows of resources	<u>19</u>
 <b>Net Position</b>	
Net investment in capital assets	9,681,307
Nonspendable	1,281
Restricted for:	
Capital projects	672,232
Emergencies	3,147
Unrestricted	<u>(260,183)</u>
Total Net Position	<u>10,097,784</u>
Total Liabilities, deferred inflows of resources and Net Position	<u>\$ 10,394,273</u>

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

# Westgate Metropolitan District No. 1

## Statement of Activities

### For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and other fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Primary government:					
Governmental activities:					
General government	\$ 140,129	\$ 720,322	\$ -	\$ -	\$ 580,193
Transfer to District No. 2	4,000	-	-	-	(4,000)
Interest and related costs on long term debt	13,146	-	-	-	(13,146)
	<u>\$ 157,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>563,047</u>
General revenues:					
Property taxes					3
Transfer from District 2					9,323,049
Other income					16,343
Total general revenues					<u>9,339,395</u>
Change in net position					9,902,442
Net position - beginning of year					<u>195,342</u>
Net position - end of year					<u>\$ 10,097,784</u>

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



# Westgate Metropolitan District No. 1

## Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position

### December 31, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>			
Cash and investments - restricted	\$ 24,332	\$ 673,422	\$ 697,754
Accounts receivable	5,540	-	5,540
Property taxes receivable	20	-	20
Prepaid expense	1,281	-	1,281
Due from District 2	8,371	-	8,371
Total assets	<u>39,544</u>	<u>673,422</u>	<u>712,966</u>
<b>Liabilities</b>			
Accounts Payable	15,713	1,190	16,903
Due to District 2	1,051	-	1,051
Total liabilities	<u>16,764</u>	<u>1,190</u>	<u>17,954</u>
<b>Deferred Inflows of Resources</b>			
Deferred property taxes	19	-	19
Total deferred property taxes	<u>19</u>	<u>-</u>	<u>19</u>
<b>Fund Balances</b>			
Nonspendable	1,281	-	1,281
Restricted:			
Capital projects	-	672,232	672,232
Emergency reserves	3,147	-	3,147
Unassigned	18,333	-	18,333
Total Fund Balances	<u>22,761</u>	<u>672,232</u>	<u>694,993</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 39,544</u>	<u>\$ 673,422</u>	<u>\$ 712,966</u>
 Total governmental fund balance per above			 \$ 694,993
Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			9,681,307
Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:			
Developer advance			(254,491)
Accrued interest			<u>(24,025)</u>
Net position of governmental activities			<u>\$ 10,097,784</u>

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

**Westgate Metropolitan District No. 1**  
**Governmental Fund Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2022**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 3	\$ -	\$ 3
Service fees	<u>322</u>	<u>-</u>	<u>322</u>
Total Revenues	<u>325</u>	<u>-</u>	<u>325</u>
<b>Expenditures</b>			
Accounting and audit	39,723	-	39,723
Facilities management	943	-	943
Elections	1,461	-	1,461
Office, dues and other expenses	1,251	-	1,251
Insurance and bonds	400	-	400
District management	33,540	21,490	55,030
Legal expenses	27,575	13,746	41,321
Capital outlay	<u>-</u>	<u>9,333,936</u>	<u>9,333,936</u>
Total Expenditures	<u>104,893</u>	<u>9,369,172</u>	<u>9,474,065</u>
<b>Excess of revenues over (under) expenditures</b>	(104,568)	(9,369,172)	(9,473,740)
<b>Other financing sources (uses)</b>			
Capital fee revenue	-	720,000	720,000
Developer advances	99,667	-	99,667
Reimbursement	16,343	-	16,343
Transfer (to) from District No. 2	<u>(4,000)</u>	<u>9,323,049</u>	<u>9,319,049</u>
Total other financing sources (uses)	<u>112,010</u>	<u>10,043,049</u>	<u>10,155,059</u>
<b>Net change in fund balances</b>	7,442	673,877	681,319
<b>Fund balances:</b>			
Beginning of the year	<u>15,319</u>	<u>(1,645)</u>	<u>13,674</u>
End of the year	<u>\$ 22,761</u>	<u>\$ 672,232</u>	<u>\$ 694,993</u>

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

# Westgate 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, 2022

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

Net change in fund balance—total governmental funds	\$	681,319
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In the statement of activities, capital outlay is not reported as an expenditure:

Capital outlay	\$	9,333,936
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Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.

Developer advance		(99,667)
Accrued interest - change in liability		(13,146)

Change in net position of governmental activities	\$	<u>9,902,442</u>
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The accompanying notes are an integral part of these financial statements.

**Westgate Metropolitan District No. 1**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balances—Actual and Budget**  
**Governmental Fund Type—General Fund**  
**For the Year Ended December 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 3	\$ 3	\$ -
Service Fees	318	322	4
Operating Advances	<u>148,000</u>	<u>116,010</u>	<u>(31,990)</u>
Total Revenues	<u>148,321</u>	<u>116,335</u>	<u>(31,986)</u>
<b>Expenditures</b>			
Accounting and audit	31,200	39,723	(8,523)
Facilities management	5,200	943	4,257
Elections	2,500	1,461	1,039
Office, dues and other expenses	6,360	1,251	5,109
Insurance and bonds	10,000	400	9,600
District management	56,680	33,540	23,140
Legal expenses	20,000	27,575	(7,575)
Transfer to District No. 2 - Trustee Fee	4,000	4,000	-
Contingency	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>145,940</u>	<u>108,893</u>	<u>37,047</u>
<b>Net change in fund balances</b>	2,381	7,442	(69,033)
<b>Fund Balances—Beginning of year</b>	<u>3,428</u>	<u>15,319</u>	<u>11,891</u>
<b>Fund Balances—End of Year</b>	<u>\$ 5,809</u>	<u>\$ 22,761</u>	<u>\$ (57,142)</u>

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

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements**  
**December 31, 2022**

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**1. Definition of Reporting Entity**

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Westgate Metropolitan District No. 1 (the District), a quasi-municipal corporation, was organized in 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District's service area is located in the City of Greeley, Weld County, Colorado. The District was established to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the public improvements in the most economic manner possible.

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 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.

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.

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**2. Summary of Significant Accounting Policies**

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The more significant accounting policies of the District are described as follows:

**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 difference between the assets and liabilities of the District is reported as net position.

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**2. Summary of Significant Accounting Policies (continued)**

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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 the governmental funds. Major individual governmental funds are reported as separate columns in the 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.

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 government 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 due.

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.

The Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**2. Summary of Significant Accounting Policies (continued)**

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Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors 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 of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund presented on the modified accrual basis of accounting unless otherwise indicated.

**Property Taxes**

Property taxes are levied by the District 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 for 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 revenue 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.

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**2. Summary of Significant Accounting Policies (continued)**

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**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Capital Assets**

Capital assets, which include property, plant and equipment and infrastructure (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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 invested in capital assets, net of related debt component 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**Fund Equity**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.



**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**2. Summary of Significant Accounting Policies (continued)**

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- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. 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 criteria described above. 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.

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**3. Cash and Investments**

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

Statement of net position:

Cash and investments – restricted	\$ <u>697,754</u>
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Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$ 697,754
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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.

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**3. Cash and Investments (continued)**

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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.

As of December 31, 2022, the District's cash deposits had a carrying balance of \$697,754 and a bank balance of \$697,754, of which \$250,000 was FDIC insured and the remainder is collateralized by PDPA.

**Investments**

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

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

As of December 31, 2022, the District had no investments.

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**4. Capital Assets**

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An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance at December 31, 2021	Additions	Retirements	Balance at December 31, 2022
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ 312,135	\$ 9,369,172	\$ -	\$ 9,681,307
Total Capital assets, not being depreciated	\$ 312,135	\$ 9,369,172	\$ -	\$ 9,681,307

A significant portion of capital assets will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of those assets. Upon acceptance of the improvements by the other local governments, the District will remove the cost of construction from its capital assets.

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**5. Long-Term Liabilities**

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

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
<b>Developer Advances:</b>					
Operating	\$ 154,824	\$ 105,855	\$ -	\$ 260,679	\$ -
Interest payable	10,879	13,146	-	24,025	-
	<u>\$ 165,703</u>	<u>\$ 119,001</u>	<u>\$ -</u>	<u>\$ 284,704</u>	<u>\$ -</u>

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**5. Long-Term Liabilities (continued)**

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**Developer Advances Promissory Note**

The Districts and the Developer entered into a Funding and Reimbursement Agreement for Developer advances of administrative, operations and maintenance costs on November 11, 2022. Per this agreement, the Developer may advance to the Districts, for the Districts' benefit, up to \$500,000. The promissory note bears 2% simple interest plus the current Federal Reserve Board Prime Rate and is annually renewable in one year terms. The amount due on the promissory note at December 31, 2022 is \$284,704 including \$24,025 accrued interest on advances.

The Districts will reimburse the Developer through revenues collected from fees, rates, tolls charges and revenues resulting from the imposition of ad valorem taxes, net of any current operating and maintenance costs of the Districts. Repayment is subordinate to the issuance of any bonds and the provisions of any bond resolution. Repayment shall not be higher than the Service Plan mill levy cap.

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**6. Net Position**

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The District has net position consisting of two components –restricted and unrestricted.

Restricted assets include the net position that is 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 legislation. The District had restricted net position as of December 31, 2022 as follows:

Nonspendable

Capital projects	\$ 672,232
Emergency reserves	3,147
	<u>\$ 675,379</u>

The District's unrestricted net position as of December 31, 2022 is a deficit of \$260,183.

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**7. Risk Management**

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The District is 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 (Pool) as of December 31, 2022. 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.

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 which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

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**8. Tax, Spending and Debt Limitations**

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Article X, Section 20 of the Colorado Constitution, commonly known 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.

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.

In November 2018, the District voters approved revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending revenue raising or other limitation in 2018 and subsequent years.

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.

**Westgate Metropolitan District No. 1**  
**Notes to Financial Statements (continued)**  
**December 31, 2022**

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**9. Related Parties**

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All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. District management believes that all potential conflicts, if any, have been properly disclosed.

## **Supplementary Information**

**Westgate Metropolitan District No. 1**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—Capital Projects Fund**  
**For the Year Ended December 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Capital Fee	\$ 845,000	\$ 720,000	\$ (125,000)
Total Revenue	<u>845,000</u>	<u>720,000</u>	<u>(125,000)</u>
<b>Expenditures</b>			
Capital Outlay	12,102,040	9,333,936	2,768,104
District Management	40,000	21,490	18,510
Legal	5,000	13,746	(8,746)
Total Expenditures	<u>12,147,040</u>	<u>9,369,172</u>	<u>2,777,868</u>
<b>Excess Revenue Over (Under)</b>			
<b>Expenditures</b>	<u>(11,302,040)</u>	<u>(8,649,172)</u>	<u>2,652,868</u>
<b>Other financing sources (uses)</b>			
Transfer from District No. 2	<u>11,302,040</u>	<u>9,323,049</u>	<u>(1,978,991)</u>
Total other financing sources (uses)	<u>11,302,040</u>	<u>9,323,049</u>	<u>(1,978,991)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>673,877</u>	<u>673,877</u>
<b>Fund Balance—Beginning of year</b>	<u>-</u>	<u>(1,645)</u>	<u>(1,645)</u>
<b>Fund Balance—End of Year</b>	<u>\$ -</u>	<u>\$ 672,232</u>	<u>\$ 672,232</u>