

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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Board of Directors
Midtown at Clear Creek Metropolitan District
Adams County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Midtown at Clear Creek 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 Midtown at Clear Creek 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 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. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Continuing Disclosure Annual Financial Information

The continuing disclosure annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the continuing disclosure annual financial information and consider whether a material inconsistency exists between the continuing disclosure annual financial information and the basic financial statements, or the continuing disclosure annual financial information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the continuing disclosure annual financial information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

May 24, 2023

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2022

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|--------------------------------------------|---------------------|-------------------------|-----------------------------|---------------------|----------------------|------------------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,013,863 | \$ - | \$ - | \$ 1,013,863 | \$ - | \$ 1,013,863 |
| Cash and cash equivalents - restricted | 38,003 | 3,166,346 | 51,228 | 3,255,577 | - | 3,255,577 |
| Taxes due from County | 1,179 | 10,612 | - | 11,791 | - | 11,791 |
| Accounts receivable - assessments | 8,877 | - | - | 8,877 | - | 8,877 |
| Accounts receivable - other | 3,959 | - | - | 3,959 | - | 3,959 |
| Property taxes receivable | 201,373 | 1,813,072 | - | 2,014,445 | - | 2,014,445 |
| Capital assets not being depreciated | - | - | - | - | 40,113,630 | 40,113,630 |
| Total Assets | <u>\$ 1,267,254</u> | <u>\$ 4,990,030</u> | <u>\$ 51,228</u> | <u>\$ 6,308,512</u> | <u>40,113,630</u> | <u>46,422,142</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 39,766 | \$ - | \$ - | \$ 39,766 | - | 39,766 |
| Prepaid assessments | 21,249 | - | - | 21,249 | - | 21,249 |
| Accrued interest on bonds | - | - | - | - | 4,169,723 | 4,169,723 |
| Long-term liabilities: | | | | | | |
| Due within one year | - | - | - | - | 300,000 | 300,000 |
| Due in more than one year | - | - | - | - | 29,169,260 | 29,169,260 |
| Total Liabilities | <u>61,015</u> | <u>-</u> | <u>-</u> | <u>61,015</u> | <u>33,638,983</u> | <u>33,699,998</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred property taxes | <u>201,373</u> | <u>1,813,072</u> | <u>-</u> | <u>2,014,445</u> | <u>-</u> | <u>2,014,445</u> |
| Total Deferred Inflows of Resources | <u>201,373</u> | <u>1,813,072</u> | <u>-</u> | <u>2,014,445</u> | <u>-</u> | <u>2,014,445</u> |
| FUND BALANCES/NET POSITION | | | | | | |
| Fund balances: | | | | | | |
| Restricted: | | | | | | |
| Emergencies | 38,003 | - | - | 38,003 | (38,003) | - |
| Debt service | - | 3,176,958 | - | 3,176,958 | (3,176,958) | - |
| Capital | - | - | 51,228 | 51,228 | (51,228) | - |
| Assigned | 830,632 | - | - | 830,632 | (830,632) | - |
| Unassigned | <u>136,231</u> | <u>-</u> | <u>-</u> | <u>136,231</u> | <u>(136,231)</u> | <u>-</u> |
| Total Fund Balances | <u>1,004,866</u> | <u>3,176,958</u> | <u>51,228</u> | <u>4,233,052</u> | <u>(4,233,052)</u> | <u>-</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,267,254</u> | <u>\$ 4,990,030</u> | <u>\$ 51,228</u> | <u>\$ 6,308,512</u> | | |
| Net Position: | | | | | | |
| Net investment in capital assets | | | | | 10,644,370 | 10,644,370 |
| Restricted for: | | | | | | |
| Emergencies | | | | | 38,003 | 38,003 |
| Debt service | | | | | 3,176,958 | 3,176,958 |
| Capital projects | | | | | 51,228 | 51,228 |
| Unrestricted | | | | | <u>(3,202,860)</u> | <u>(3,202,860)</u> |
| Total Net Position | | | | | <u>\$ 10,707,699</u> | <u>\$ 10,707,699</u> |

The notes to the financial statements are an integral part of these statements.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--------------------------------------|---------------------|-------------------------|-----------------------------|---------------------|---------------------|----------------------------------------|
| EXPENDITURES | | | | | | |
| <u>Operating:</u> | | | | | | |
| Operating | \$ 829,443 | \$ - | \$ - | \$ 829,443 | \$ - | \$ 829,443 |
| General and administrative | 211,677 | - | - | 211,677 | - | 211,677 |
| Bond interest | - | 1,045,000 | - | 1,045,000 | 880,946 | 1,925,946 |
| Bond principal | - | 260,000 | - | 260,000 | (260,000) | - |
| Issuance costs | - | 2,000 | - | 2,000 | - | 2,000 |
| Treasurer's fees | - | 27,041 | - | 27,041 | - | 27,041 |
| Paying agent fees | - | 7,500 | - | 7,500 | - | 7,500 |
| Accepted capital improvements | - | - | 265,093 | 265,093 | (265,093) | - |
| Total Expenditures | <u>1,041,120</u> | <u>1,341,541</u> | <u>265,093</u> | <u>2,647,754</u> | <u>355,853</u> | <u>3,003,607</u> |
| PROGRAM REVENUES | | | | | | |
| Homeowner assessments | 785,006 | - | - | 785,006 | - | 785,006 |
| Admin transfer fee | 13,750 | - | - | 13,750 | - | 13,750 |
| Design review income | 100 | - | - | 100 | - | 100 |
| Keys/fobs | 2,125 | - | - | 2,125 | - | 2,125 |
| Shed and garden patio user/cleaning | 13,780 | - | - | 13,780 | - | 13,780 |
| Landscape fee | 37,112 | - | - | 37,112 | - | 37,112 |
| Community garden plot rental | 5,951 | - | - | 5,951 | - | 5,951 |
| Legal collection fees reimbursed | 14,132 | - | - | 14,132 | - | 14,132 |
| Late/interest fees | 9,355 | - | - | 9,355 | - | 9,355 |
| Fines | 325 | - | - | 325 | - | 325 |
| CTF Revenue | 5,707 | - | - | 5,707 | - | 5,707 |
| Other income | 14,966 | - | - | 14,966 | - | 14,966 |
| Total Program Revenues | <u>902,309</u> | <u>-</u> | <u>-</u> | <u>902,309</u> | <u>-</u> | <u>902,309</u> |
| Net Program Income (Expense) | (138,811) | (1,341,541) | (265,093) | (1,745,445) | (355,853) | (2,101,298) |
| GENERAL REVENUES | | | | | | |
| Property taxes | 200,307 | 1,803,233 | - | 2,003,540 | - | 2,003,540 |
| Specific ownership taxes | 14,502 | 130,554 | - | 145,056 | - | 145,056 |
| Interest income | 16,216 | 55,671 | 1,739 | 73,626 | - | 73,626 |
| Total General Revenues | <u>231,025</u> | <u>1,989,458</u> | <u>1,739</u> | <u>2,222,222</u> | <u>-</u> | <u>2,222,222</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER | | | | | | |
| EXPENDITURES | 92,214 | 647,917 | (263,354) | 476,777 | (355,853) | 120,924 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Developer contributions | - | - | 265,093 | 265,093 | - | 265,093 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>265,093</u> | <u>265,093</u> | <u>-</u> | <u>265,093</u> |
| NET CHANGES IN FUND BALANCES | 92,214 | 647,917 | 1,739 | 741,870 | (741,870) | |
| CHANGES IN NET POSITION | | | | | | |
| | | | | | 386,017 | 386,017 |
| FUND BALANCES/NET POSITION | | | | | | |
| BEGINNING OF YEAR, RESTATED | <u>912,652</u> | <u>2,529,041</u> | <u>49,489</u> | <u>3,491,182</u> | <u>6,830,500</u> | <u>10,321,682</u> |
| END OF YEAR | <u>\$ 1,004,866</u> | <u>\$ 3,176,958</u> | <u>\$ 51,228</u> | <u>\$ 4,233,052</u> | <u>\$ 6,474,647</u> | <u>\$ 10,707,699</u> |

The notes to the financial statements are an integral part of these statements.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2022

| | Original & Final <u>Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|-------------------------------------|-----------------------------------|---------------------|-----------------------------------------------|
| REVENUES | | | |
| Property taxes | \$ 199,920 | \$ 200,307 | \$ 387 |
| Specific ownership taxes | 14,228 | 14,502 | 274 |
| Development fees | 50,000 | - | (50,000) |
| Homeowner assessments | 783,900 | 785,006 | 1,106 |
| Admin transfer fee | 24,000 | 13,750 | (10,250) |
| Design review income | 1,800 | 100 | (1,700) |
| Keys/fobs | - | 2,125 | 2,125 |
| Shed and garden patio user/cleaning | 5,000 | 13,780 | 8,780 |
| Landscape fee | 34,740 | 37,112 | 2,372 |
| Community garden plot rental | 8,100 | 5,951 | (2,149) |
| Legal collection fees reimbursed | 4,000 | 14,132 | 10,132 |
| Late/interest fees | 5,000 | 9,355 | 4,355 |
| Fines | 600 | 325 | (275) |
| CTF Revenue | 7,200 | 5,707 | (1,493) |
| Other income | 1,000 | 14,966 | 13,966 |
| Interest income | 1,000 | 16,216 | 15,216 |
| Total Revenues | <u>1,140,488</u> | <u>1,133,334</u> | <u>(7,154)</u> |
| EXPENDITURES | | | |
| Operating | 906,108 | 829,443 | 76,665 |
| General and administrative | 230,902 | 211,677 | 19,225 |
| Reserve for repairs | 800,000 | - | 800,000 |
| Contingency | 63,617 | - | 63,617 |
| Emergency reserve | 34,110 | - | 34,110 |
| Total Expenditures | <u>2,034,737</u> | <u>1,041,120</u> | <u>993,617</u> |
| NET CHANGE IN FUND BALANCE | (894,249) | 92,214 | 986,463 |
| FUND BALANCE: | | | |
| BEGINNING OF YEAR | <u>894,249</u> | <u>912,652</u> | <u>18,403</u> |
| END OF YEAR | <u>\$ -</u> | <u>\$ 1,004,866</u> | <u>\$ 1,004,866</u> |

The notes to the financial statements are an integral part of these statements.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Midtown at Clear Creek Metropolitan District, located in Adams County, 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

Clear Creek Station Metropolitan District No. 1 (“District No. 1”), Clear Creek Station Metropolitan District No. 2 (“District No. 2”) and Clear Creek Station Metropolitan District No. 3 (“District No. 3”, and collectively with District No. 1 and District No. 2, the “Districts”) were organized in accordance with a consolidated service plan. The Districts were organized on December 7, 2007, as quasi-municipal corporations established under the State of Colorado Special District Act. The Districts were established to provide for the construction and completion of a part or all of the public improvements for the use and benefit of the residents and property owners within the service area. The Districts were governed by an elected Board of Directors.

On September 26, 2017, District No. 2 adopted a Resolution Initiating the Consolidation of the Districts. On December 13, 2017, District No. 1 and District No. 3 adopted Resolutions Concurring with the Consolidation of the Districts. On May 8, 2018, the eligible electors of each of the Districts voted to approve the formation of Midtown at Clear Creek Metropolitan District (“Midtown” or the “District”) and the assumption of all bonded indebtedness of the Districts by Midtown. On October 23, 2018 the Adams County District Court issued an Amended and Restated Order Organizing the Consolidated District Known as Midtown at Clear Creek Metropolitan District. Midtown is authorized to provide the public improvements and services of the Districts as described in the Service Plan. Specifically, Midtown shall have the power and authority to provide the public improvements contemplated in the Service Plan and to undertake related district activities within the service are of the consolidated district. Midtown is governed by an elected Board of Directors. Midtown also assumed all outstanding bonded indebtedness of the Districts. Subsequent to these transactions, Clear Creek Station Metropolitan District Nos. 1, 2, and 3 ceased to exist as separate legal entities.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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 follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources 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 expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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 the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 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.

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 not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects 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.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

In November 2022, the District amended its total appropriations in the Debt Service Fund from \$1,337,996 to \$1,500,000 primarily due to increased debt service costs.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. 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 financial 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 has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial 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 type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend 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.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

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

Fund Equity

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:

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$38,003 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$3,176,958 is restricted for the payment of the debt service costs (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$51,228 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2023.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

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.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2022, cash and investments is classified in the accompanying financial statements as follows:

| | |
|----------------------------------------|---------------------|
| Statement of Net Position: | |
| Cash and cash equivalents | \$ 1,013,863 |
| Cash and cash equivalents - restricted | <u>3,255,577</u> |
| Total | \$ <u>4,269,440</u> |

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

| | |
|--------------------------------------|---------------------|
| Deposits with financial institutions | \$ 342,982 |
| Investments - COLOTRUST | <u>3,926,458</u> |
| | \$ <u>4,269,440</u> |

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District has elected to follow state statutes for 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.

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

Investment Valuation

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 not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (“NAV”) per share.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

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

COLOTRUST

As of December 31, 2022, the District invested in the Colorado Local Governmental Liquid Asset Trust (“COLOTRUST”), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (“NAV”) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAM by Standard & Poor’s. At December 31, 2022, the District had \$3,926,458 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

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

| | Restated | | | |
|----------------------------------------------|----------------------|-------------------|------------------|----------------------|
| | Balance | | | Balance |
| <u>Governmental Type Activities:</u> | <u>1/1/2022</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/2022</u> |
| <u>Capital assets not being depreciated:</u> | | | | |
| Construction in progress | <u>\$ 39,848,537</u> | <u>\$ 265,093</u> | <u>\$ -</u> | <u>\$ 40,113,630</u> |

The Capital Asset balance at 12/31/2021, has been restated. See Note #7.

Upon completion and acceptance, a majority of the capital assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance of capital assets conveyed to other local governments.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 4: Long-Term Debt

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

| | Balance 1/1/2022 | Additions | Reductions | Balance 12/31/2022 | Current Portion |
|-----------------------------------------|----------------------|-------------|-------------------|-----------------------|--------------------|
| <u>General Obligation Bonds:</u> | | | | | |
| Series 2017A | \$ 21,490,000 | \$ - | \$ 260,000 | \$ 21,230,000 | \$ 300,000 |
| Series 2017B | 3,265,000 | - | - | 3,265,000 | - |
| Series 2017C | 4,775,000 | - | - | 4,775,000 | - |
| | <u>29,530,000</u> | <u>-</u> | <u>260,000</u> | <u>29,270,000</u> | <u>300,000</u> |
| Series 2017A Premium | 111,800 | - | 6,319 | 105,481 | - |
| Subtotal | <u>29,641,800</u> | <u>-</u> | <u>266,319</u> | <u>29,375,481</u> | <u>300,000</u> |
| <u>Other:</u> | | | | | |
| Developer advances | 93,779 | - | - | 93,779 | - |
| | <u>\$ 29,735,579</u> | <u>\$ -</u> | <u>\$ 266,319</u> | <u>\$ 29,469,260</u> | <u>\$ 300,000</u> |

A description of the long-term obligations as of December 31, 2022, is as follows:

Reimbursement and Acquisition Agreement

On November 11, 2008, District No. 1 entered into a Reimbursement and Acquisition Agreement with CARMA, Inc. On December 6, 2011, this agreement was assigned to Midtown, LLC (“Developer”). Per this agreement, District No. 1 agrees to reimburse the Developer for all District Eligible Costs, whether by construction of public infrastructure or by advancement of funds to District No. 1 for the purpose of providing public infrastructure including all related costs such as organization costs, operations and maintenance, engineering, surveying, construction and the costs of acquiring public lands. The repayment of such costs is not to exceed \$30,000,000. The advances do not constitute multiple fiscal year financial obligations of District No. 1 and are not subject to annual appropriation by the District No. 1. The advances bear interest at a rate of 6% from the date of the advance. The advances are to be repaid using bond proceeds or any other legally available revenues. During December 2017, District No. 2 issued General Obligation Bonds and transferred a portion of the proceeds to District No. 1 in order to repay a portion of the Developer Advances.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

After the issuance of the Series 2017A Bonds, Series 2017B Bonds and 2017C Bonds, amounts repaid are deemed to total \$29,906,221, leaving an outstanding balance which is limited to \$93,779. This amount is outstanding at December 31, 2022, and will not accrue interest. Any additional funding by the Developer subsequent to the issuance of the bonds are deemed contributions by the Developer to the District with no obligation to repay such amounts by the District.

With the consolidation of the Districts, this agreement has now been transferred to Midtown and the related balances are included in the long-term debt schedule above.

\$21,735,000 Limited Tax General Obligation Refunding and Improvement Bonds, Series 2017A, \$3,265,000 Subordinate Limited Tax General Obligation Bonds, Series 2017B, and \$4,775,000 Junior Lien Limited Tax General Obligation Bonds, Series 2017C

On September 7, 2017, District No. 2 issued \$21,735,000 of Limited Tax General Obligation Refunding and Improvement Bonds, Series 2017A (“Series 2017A Bonds”), \$3,265,000 of Subordinate Limited Tax General Obligation Bonds, Series 2017B (“Series 2017B Bonds”), and \$4,775,000 Junior Lien Limited Tax General Obligation bonds, Series 2017C (“Series 2017C Bonds”), (collectively “the Series 2017 Bonds”). The Series 2017 Bonds were issued for the purpose of funding and reimbursing a portion of the costs of acquiring, constructing and installing certain public improvements, refunding the Series 2014 loan, paying capitalized interest on the Series 2017A Bonds, funding the Reserve Fund for the Series 2017A Bonds and to pay the costs of issuing the Series 2017A Bonds, the Series 2017B Bonds and the Series 2017C Bonds.

The Series 2017A Bonds bear interest at rates ranging from 4.375% to 5%, payable semiannually on June 1 and December 1, mature on December 1, 2047 and were issued with a premium of \$139,359. The premium is being amortized over the life of the Series 2017A Bonds using the effective interest method. The Series 2017A Bonds are secured by a required maximum mill levy of 45.000 mills, the portion of specific ownership taxes attributable to the property taxes used for debt service, and a Surplus Fund.

The Series 2017B Bonds bear interest at 7.375% and mature on December 15, 2047. The Subordinate Series 2017B Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15 at the rate of 7.375%. Payments toward interest and principal can be made provided the Series 2017A Bonds are current and the Reserve Fund and Surplus Fund for the Series 2017A Bonds are full. District No. 2 is required to impose the minimum required mill levy of 45.000 mills until the Subordinate Series 2017B Bonds are fully paid or discharged on December 15, 2047; however, only revenues resulting from the number of mills equal to 45.000 mills less the Senior Required Mill Levy are pledged to payment of the Subordinate Series 2017B Bonds.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

The Series 2017C Bonds bear interest at 8.500% through December 15, 2022, then decrease to 3.000% thereafter, and mature on December 15, 2047. The 2017C Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15 at the rate of 8.500% through December 15, 2022, and at the rate of 3.000% thereafter. Payments toward interest and principal can be made provided the Series 2017A Bonds are current and the Reserve Fund and Surplus Fund for the Series 2017A Bonds are full. District No. 2 is required to impose the minimum required mill levy of 49.750 mills until the Subordinate Series 2017C Bonds are fully paid or discharged on December 15, 2047.

Proceeds of the 2017 Bonds were used to pay in full the Series 2014 Loan.

Events of Default as defined in the Series 2017A Senior Bond Indenture are 1) the failure of the District to impose the Senior Required Mill levy, or to apply the Senior Pledged Revenue as required by the Senior Pledge Agreement, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the 2017A Senior Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the 2017A Bonds. Failure to pay the principal of or interest on the Series 2017A Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2017A Bonds is not an available remedy for an Event of Default.

Events of Default as defined in the Series 2017B Subordinate Bond Indenture are 1) the failure of the District to impose the Subordinate Required Mill levy, or to apply the Subordinate Pledged Revenue as required by the Indenture or the Subordinate Pledge Agreement, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the 2017B Subordinate Indenture, Bond Resolution or Subordinate Pledge Agreement, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the 2017B Bonds. Failure to pay the principal of or interest on the Series 2017B Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. The District shall not be required to impose the Subordinate Required Mill Levy for payment of the Bonds after December 2056. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2017B Bonds is not an available remedy for an Event of Default.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Events of Default as defined in the Series 2017C Junior Lien Bond Indenture are 1) the failure of the District to impose the Junior Lien Required Mill levy, or to apply the Junior Lien Pledged Revenue as required by the Indenture or the Junior Lien Pledge Agreement, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the 2017C Indenture, Bond Resolution or Junior Lien Pledge Agreement, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the 2017C Bonds. Failure to pay the principal of or interest on the Series 2017C Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. The District shall not be required to impose the Subordinate Required Mill Levy for payment of the Bonds after December 2056. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2017C Bonds is not an available remedy for an Event of Default.

The following is a summary of the annual long-term debt principal and interest requirements of the 2017A Bonds.

| Year | Principal | Interest | Total |
|-----------|---------------|---------------|---------------|
| 2023 | \$ 300,000 | \$ 1,033,625 | \$ 1,333,625 |
| 2024 | 340,000 | 1,020,500 | 1,360,500 |
| 2025 | 355,000 | 1,005,625 | 1,360,625 |
| 2026 | 400,000 | 990,094 | 1,390,094 |
| 2027 | 415,000 | 972,594 | 1,387,594 |
| 2028-2032 | 2,650,000 | 4,556,063 | 7,206,063 |
| 2033-2037 | 3,710,000 | 3,847,000 | 7,557,000 |
| 2038-2042 | 5,180,000 | 2,779,500 | 7,959,500 |
| 2043-2047 | 7,880,000 | 1,309,000 | 9,189,000 |
| Total | \$ 21,230,000 | \$ 17,514,000 | \$ 38,744,000 |

Because of the uncertainty of timing of payments under the Series 2017B Bonds and Series 2017C Bonds, no related schedule of expected principal and interest payments is presented.

Preconsolidation Intergovernmental Agreement Regarding Assumption of Debt by Consolidated District

On March 6, 2018, District Nos. 1, 2, and 3 entered into a Preconsolidation Intergovernmental Agreement Regarding Assumption of Debt by Consolidated District whereby the Districts agreed to authorize the consolidated district (Midtown) to assume the entire general obligation bonded indebtedness of the Districts. This agreement was subsequently approved by the board of the Midtown and all such debt was transferred to the District during 2018.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Debt Authorization

On November 6, 2007, a majority of the qualified electors of the Districts authorized the issuance of indebtedness in an amount not to exceed \$420,000,000 at an interest rate not to exceed 18%. After the issuance of the 2017 Bonds, the remaining authorization is \$262,302,418. In the future, the District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this audit, the amount and timing of any debt issuances is not determinable. Per the District's Service Plan, the District cannot issue debt in excess of \$30,000,000. \$225,000 of the Service Plan authorization remains as of December 31, 2022. The District has not budgeted to issue any new debt during 2023.

Note 5: Tax, Spending and Debt Limitations

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

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 November 6, 2007, 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 the Colorado Constitution.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

Note 7: Prior Period Adjustment

As error was identified in the presentation of the December 31, 2021, financial statements that required a restatement of certain beginning balances that are presented in these financial statements.

At December 31, 2021 Capital Asset additions were overstated by \$846,150 because of an overstatement in the engineer’s reports. This resulted in an overstatement of both Capital Assets and Net Position at 12/31/2021 as follows:

| | |
|---------------------------------------------------------|----------------------|
| December 31, 2021, Capital Assets, as originally stated | \$ 40,694,687 |
| Capital Assets overstatement correction | <u>(846,150)</u> |
| December 31, 2021, Capital Assets - restated | <u>\$ 39,848,537</u> |
| December 31, 2021, Net Position, as originally stated | \$ 11,167,832 |
| Capital Assets overstatement correction | <u>(846,150)</u> |
| December 31, 2021, Net Position - restated | <u>\$ 10,321,682</u> |

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) 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;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) 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.

SUPPLEMENTAL INFORMATION

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2022

| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|-----------------------------------|---------------------------|------------------------|---------------------|-----------------------------------------------|
| REVENUES | | | | |
| Property taxes | \$ 1,799,748 | \$ 1,800,000 | \$ 1,803,233 | \$ 3,233 |
| Specific ownership taxes | 125,982 | 130,000 | 130,554 | 554 |
| Development fees | 25,000 | 30,000 | - | (30,000) |
| Interest income | <u>2,000</u> | <u>20,000</u> | <u>55,671</u> | <u>35,671</u> |
| Total Revenues | <u>1,952,730</u> | <u>1,980,000</u> | <u>1,989,458</u> | <u>9,458</u> |
| EXPENDITURES | | | | |
| Bond interest | 1,045,000 | 1,202,483 | 1,045,000 | 157,483 |
| Bond principal | 260,000 | 260,000 | 260,000 | - |
| Issuance costs | | 2,000 | 2,000 | - |
| Treasurer's fees | 26,996 | 27,017 | 27,041 | (24) |
| Paying agent fees | 5,000 | 7,500 | 7,500 | - |
| Miscellaneous | <u>1,000</u> | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| Total Expenditures | <u>1,337,996</u> | <u>1,500,000</u> | <u>1,341,541</u> | <u>158,459</u> |
| NET CHANGE IN FUND BALANCE | 614,734 | 480,000 | 647,917 | 167,917 |
| FUND BALANCE: | | | | |
| BEGINNING OF YEAR | <u>2,561,458</u> | <u>2,026,898</u> | <u>2,529,041</u> | <u>502,143</u> |
| END OF YEAR | <u>\$ 3,176,192</u> | <u>\$ 2,506,898</u> | <u>\$ 3,176,958</u> | <u>\$ 670,060</u> |

The notes to the financial statements are an integral part of these statements.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2022

| | Original & Final <u>Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|--------------------------------------------------------------|-----------------------------------|------------------|-----------------------------------------------|
| REVENUES | | | |
| Interest income | \$ 150 | \$ 1,739 | \$ 1,589 |
| Total Revenues | <u>150</u> | <u>1,739</u> | <u>1,589</u> |
| EXPENDITURES | | | |
| Capital outlay | 200,150 | - | 200,150 |
| Accepted capital improvements | <u>1,800,000</u> | <u>265,093</u> | <u>1,534,907</u> |
| Total Expenditures | <u>2,000,150</u> | <u>265,093</u> | <u>1,735,057</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | |
| | (2,000,000) | (263,354) | 1,736,646 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer contributions | <u>2,000,000</u> | <u>265,093</u> | <u>(1,734,907)</u> |
| Total Other Financing Sources (Uses) | <u>2,000,000</u> | <u>265,093</u> | <u>(1,734,907)</u> |
| NET CHANGE IN FUND BALANCE | | | |
| | - | 1,739 | 1,739 |
| FUND BALANCE: | | | |
| BEGINNING OF YEAR | <u>49,399</u> | <u>49,489</u> | <u>90</u> |
| END OF YEAR | <u>\$ 49,399</u> | <u>\$ 51,228</u> | <u>\$ 1,829</u> |

The notes to the financial statements are an integral part of these statements.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2022

| EXPENDITURES | Original & Final | | Variance |
|-------------------------------------|---------------------|---------------------|-----------------------------------|
| | <u>Budget</u> | <u>Actual</u> | Favorable <u>(Unfavorable)</u> |
| <u>Operating:</u> | | | |
| Water/sewer | \$ 92,000 | \$ 122,162 | \$ (30,162) |
| Sewer maintenance | 24,000 | 21,530 | 2,470 |
| Gas/electric | 18,000 | 19,466 | (1,466) |
| Utility locates | 17,000 | 14,460 | 2,540 |
| Trash removal | 167,232 | 188,426 | (21,194) |
| Snow removal | 110,000 | 127,833 | (17,833) |
| Pet maintenance | 3,840 | 3,339 | 501 |
| Pest control | 626 | 222 | 404 |
| Telephone | 1,800 | 1,019 | 781 |
| Security patrol/monitoring | 1,680 | 16,207 | (14,527) |
| Access control devices | 1,000 | - | 1,000 |
| Landscape maintenance | 160,000 | 140,305 | 19,695 |
| Winter watering | 10,000 | - | 10,000 |
| Irrigation repairs | 30,000 | 31,669 | (1,669) |
| Tree/shrub replacement | 60,000 | 2,205 | 57,795 |
| Flowers | 15,000 | 14,173 | 827 |
| Tree shrub spray/deep root water | 5,000 | - | 5,000 |
| Grounds improvements | 50,000 | 15,576 | 34,424 |
| Splash park waterfall maintenance | 15,000 | 9,861 | 5,139 |
| Concrete/alley maintenance | 12,000 | 7,611 | 4,389 |
| Detention pond maintenance | 30,000 | 45,120 | (15,120) |
| Backflow testing | 3,000 | 1,518 | 1,482 |
| Community farm | 8,030 | 2,884 | 5,146 |
| Garden shed maintenance/supplies | 7,000 | 774 | 6,226 |
| Events/functions | 6,900 | 4,395 | 2,505 |
| Shed and garden patio user/cleaning | 15,000 | 14,581 | 419 |
| General maintenance | 20,000 | 6,003 | 13,997 |
| General engineering | 5,000 | 6,572 | (1,572) |
| Lighting/electrical repairs | 12,000 | 11,532 | 468 |
| Seasonal decorations | 2,500 | - | 2,500 |
| Signs | 2,500 | - | 2,500 |
| Total operating | <u>906,108</u> | <u>829,443</u> | <u>76,665</u> |
| <u>General and administrative:</u> | | | |
| Legal | 80,000 | 67,509 | 12,491 |
| Audit | 4,800 | 4,750 | 50 |
| Election costs | 5,000 | 2,526 | 2,474 |
| Design fees | 1,800 | 1,050 | 750 |
| Insurance | 28,000 | 27,647 | 353 |
| Storm water utility fee | 7,000 | 6,722 | 278 |
| Treasurer's fees | 3,002 | 3,004 | (2) |
| Management | 73,000 | 75,995 | (2,995) |
| Accounting | 22,000 | 12,711 | 9,289 |
| Office expense | 3,000 | 4,388 | (1,388) |
| Bank fees | 500 | 777 | (277) |
| Postage | 1,800 | 4,079 | (2,279) |
| Miscellaneous | 1,000 | 519 | 481 |
| Total general and administrative | <u>230,902</u> | <u>211,677</u> | <u>19,225</u> |
| <u>Other:</u> | | | |
| Reserve for repairs | 800,000 | - | 800,000 |
| Contingency | 63,617 | - | 63,617 |
| Emergency reserve | 34,110 | - | 34,110 |
| Total other | <u>897,727</u> | <u>-</u> | <u>897,727</u> |
| Total Expenditures | <u>\$ 2,034,737</u> | <u>\$ 1,041,120</u> | <u>\$ 993,617</u> |

The notes to the financial statements are an integral part of these statements.

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2022

District No. 2

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | | | Total Property Tax | | Percent Collected to Levied |
|----------------------------|---------------------------------------------------------------------------------|--------------|--------------|-------------|--------|--------------------|--------------|-----------------------------------|
| | | General | Debt Service | Contractual | Total | Levied | Collected | |
| | | 2013 | \$ 23,270 | 50.000 | 0.000 | 0.000 | 50.000 | |
| 2014 | \$ 579,040 | 0.000 | 50.000 | 0.000 | 50.000 | \$ 28,952 | \$ 28,952 | 100.00% |
| 2015 | \$ 2,458,620 | 8.000 | 42.000 | 0.000 | 50.000 | \$ 122,931 | \$ 122,925 | 100.00% |
| 2016 | \$ 7,784,150 | 0.000 | 42.000 | 8.000 | 50.000 | \$ 389,208 | \$ 376,086 | 96.63% |
| 2017 | \$ 9,604,860 | 8.000 | 42.000 | 0.000 | 50.000 | \$ 480,243 | \$ 480,241 | 100.00% |
| 2018 | \$ 18,545,590 | 5.411 | 48.703 | 0.000 | 54.114 | \$ 1,003,576 | \$ 1,003,576 | 100.00% |

Reported by Clear Creek Station Metropolitan District No. 2 \$ 981,742
Reported by Midtown at Clear Creek Metropolitan District 21,834

Total property tax collected for 2018 \$ 1,003,576

District No. 3

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | | | Total Property Tax | | Percent Collected to Levied |
|----------------------------|---------------------------------------------------------------------------------|--------------|--------------|-------------|--------|--------------------|-----------|-----------------------------------|
| | | General | Debt Service | Contractual | Total | Levied | Collected | |
| | | 2013 | \$ 366,270 | 50.000 | 0.000 | 0.000 | 50.000 | |
| 2014 | \$ 34,270 | 50.000 | 0.000 | 0.000 | 50.000 | \$ 1,714 | \$ 1,714 | 100.03% |
| 2015 | \$ 284,360 | 8.000 | 42.000 | 0.000 | 50.000 | \$ 14,218 | \$ 14,218 | 100.00% |
| 2016 | \$ 437,680 | 0.000 | 50.000 | 0.000 | 50.000 | \$ 21,884 | \$ 21,884 | 100.00% |
| 2017 | \$ 437,270 | 50.000 | 0.000 | 0.000 | 50.000 | \$ 21,864 | \$ 21,864 | 100.00% |
| 2018 | \$ 633,210 | 5.000 | 45.000 | 0.000 | 50.000 | \$ 31,661 | \$ 31,661 | 100.00% |

Reported by Clear Creek Station Metropolitan District #3 \$ 31,656
Reported by Midtown at Clear Creek Metropolitan District 5

Total property tax collected for 2018 \$ 31,661

Midtown at Clear Creek

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | | | Total Property Tax | | Percent Collected to Levied |
|----------------------------|---------------------------------------------------------------------------------|--------------|---------------|-------------|--------|--------------------|--------------|-----------------------------------|
| | | General | Debt Service | Contractual | Total | Levied | Collected | |
| | | 2019 | \$ 21,235,190 | 5.474 | 49.273 | 0.000 | 54.747 | |
| 2020 | \$ 29,674,430 | 5.505 | 49.558 | 0.000 | 55.063 | \$ 1,633,963 | \$ 1,633,907 | 100.00% |
| 2021 | \$ 32,607,370 | 5.505 | 49.558 | 0.000 | 55.063 | \$ 1,795,460 | \$ 1,760,926 | 98.08% |
| 2022 | \$ 36,316,000 | 5.505 | 49.558 | 0.000 | 55.063 | \$ 1,999,668 | \$ 2,003,540 | 100.19% |

Estimated for
year ending
December 31,

| | | | | | | | | |
|------|---------------|-------|--------|-------|--------|--------------|--|--|
| 2023 | \$ 35,634,980 | 5.651 | 50.879 | 0.000 | 56.530 | \$ 2,014,445 | | |
|------|---------------|-------|--------|-------|--------|--------------|--|--|

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

December 31, 2022

UNAUDITED

| <u>Class</u> | <u>2022 Assessed Valuation</u> | <u>Percent of Assessed Valuation</u> |
|----------------|----------------------------------------|----------------------------------------------|
| Residential | \$ 33,025,460 | 92.68% |
| Vacant | 1,488,680 | 4.18% |
| Commercial | 444,720 | 1.25% |
| State assessed | 5,730 | 0.02% |
| Personal | 670,390 | 1.87% |
| Total | <u>\$ 35,634,980</u> | <u>100.00%</u> |

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

TEN LARGEST OWNERS OF TAXABLE PROPERTY WITHIN THE DISTRICT

December 31, 2022

UNAUDITED

| <u>Taxpayer Name</u> | <u>2022 Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|------------------------------|----------------------------------------|-------------------------------------------------------|
| Midtown Facility LLC | \$ 972,190 | 2.73% |
| Midtown LLC | 718,470 | 2.02% |
| Public Service Company of CO | 557,710 | 1.57% |
| Midtown Dwellings LLC | 164,180 | 0.46% |
| Private Homeowner #1 | 85,520 | 0.24% |
| Private Homeowner #2 | 83,000 | 0.23% |
| Private Homeowner #3 | 70,960 | 0.20% |
| Private Homeowner #4 | 63,970 | 0.18% |
| Private Homeowner #5 | 63,380 | 0.18% |
| Private Homeowner #6 | 60,400 | 0.16% |
| Total | <u>\$ 2,839,780</u> | <u>7.97%</u> |

MIDTOWN AT CLEAR CREEK METROPOLITAN DISTRICT

SELECTED DEBT RATIOS OF THE DISTRICT

December 31, 2022

UNAUDITED

| | 2017A Senior Bonds Only | 2017A Senior Bonds and 2017B Subordinate Bonds Combined |
|--------------------------------------------|------------------------------------|----------------------------------------------------------------------------|
| Direct Debt (District bonds only) | \$ 21,230,000 | \$ 24,495,000 |
| 2022 Assessed Valuation | \$ 35,634,980 | \$ 35,634,980 |
| Direct Debt to 2022 Assessed Valuation | 60% | 69% |
| 2022 Statutory Actual Value | \$ 484,919,871 | \$ 484,919,871 |
| Direct Debt to 2022 Statutory Actual Value | 4% | 5% |