

WESTERLY CREEK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
<u>Management's Discussion and Analysis</u>	IV
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Westerly Creek Metropolitan District
Denver, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Westerly Creek Metropolitan District (the District) as of and for the year ended December 31, 2023, 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 the District as of December 31, 2023, and the respective changes in financial position thereof, 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, 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 Responsibility 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through VIII be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fiscal Focus Partners, LLC

Arvada, Colorado
September 18, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

The discussion and analysis is designed to provide an analysis of the Westerly Creek Metropolitan District (“District”) financial condition and operating results and to inform the reader of the District’s financial issues and activities.

The Management’s Discussion and Analysis (MD & A) should be read in conjunction with the District’s financial statements.

Financial Highlights

- The District is a taxing metropolitan district and as such has limited administrative activities.
- The District is required by Intergovernmental Agreement with the Park Creek Metropolitan District (“Park Creek”) to pass the majority of the revenues received to Park Creek, where they are applied to pay operating expenditures and debt service on Park Creek obligations.
- The revenues of the District are generated by a property tax mill levy, which for 2023 was 61.785 mills (59.931mills for Park Creek General Obligation Bonds debt service and 1.854 mills for General Operating Expenditures). In addition, specific ownership taxes are received from vehicle registrations. Actual revenue was less than the original budgeted revenue by \$1,196,027 and actual expenditures were less than the original budgeted expenditures by \$1,173,855.

The District has no tangible capital assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District’s assets, liabilities, deferred inflows of resources and deferred outflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by ad valorem taxes (governmental activities).

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

All of the District's activities are reported in a single governmental fund, the general fund, which focuses on how money flows in and out of that fund and the balance left at year-end available for spending in future periods.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 1-3 of this report.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 4-12 of this report.

Government-wide Financial Analysis

The assets of the District are classified as current assets. Receivables are current assets. These assets are available to provide resources for the near-term operations of the District. The primary current asset of the District is property taxes receivable.

Current and noncurrent liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2024.

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

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, deferred property taxes.

Current assets increased by \$17,546,906 mainly due to the increase in property taxes receivable.

Current liabilities increased by \$37,209 mainly due to the payables to various consultants.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position.

	December 31,	
	<u>2023</u>	<u>2022</u>
Assets:		
Current assets	<u>\$ 64,784,933</u>	<u>\$ 47,238,027</u>
Total assets	<u>64,784,933</u>	<u>47,238,027</u>
Liabilities:		
Current liabilities	<u>47,331</u>	<u>10,122</u>
Total liabilities	<u>47,331</u>	<u>10,122</u>
Deferred inflows of resources		
Deferred property taxes	<u>64,734,054</u>	<u>47,202,885</u>
Total deferred inflows of resources	<u>64,734,054</u>	<u>47,202,885</u>
Net position:		
Unrestricted net position	<u>3,548</u>	<u>25,020</u>
Total net position	<u>\$ 3,548</u>	<u>\$ 25,020</u>

Review of Change in Net Position

	Year Ended December 31,	
	<u>2023</u>	<u>2022</u>
Revenues:		
General revenue:		
Property taxes - debt service	\$ 45,290,156	\$ 44,400,058
Property taxes - operations	1,400,726	1,373,427
Specific ownership taxes	2,201,041	2,201,230
Payments from Park Creek	740,817	520,518
Interest	<u>30,930</u>	<u>1,396</u>
Total revenue	<u>49,663,670</u>	<u>48,496,629</u>
Expenses:		
Governmental activities:		
Payments to Park Creek	48,918,046	47,974,716
Other expenses	<u>767,096</u>	<u>597,433</u>
Total expenses	<u>49,685,142</u>	<u>48,572,149</u>
Total change in net position	(21,472)	(75,520)
Net position - beginning of year	<u>25,020</u>	<u>100,540</u>
Net position - end of year	<u><u>\$ 3,548</u></u>	<u><u>\$ 25,020</u></u>

Total net position decreased in the current year since only a portion of the operations mill levy was transferred to Park Creek under the Intergovernmental Agreement so that the District can fund their portion of the administrative expenses.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's one governmental fund, the General Fund, reported an unassigned ending fund balance of \$3,548.

General Fund Budgetary Highlights

The fund balance for the General Fund decreased in the current year since only a portion of the operations mill levy revenue was transferred to Park Creek under the Intergovernmental Agreement, so that the District could fund their own administrative expenses. Actual revenue was less than the original budgeted revenue by \$1,196,027 due to a decrease in property taxes, specific ownership taxes and transfers from Park Creek Metropolitan District. Actual expenditures were \$1,173,855 less than the budgeted expenditures, principally due to the transfers to Park Creek Metropolitan District being less than expected.

Long-Term Debt

The District does not have any long-term debt as of December 31, 2023.

Next Year's Budgets and Rates

The assessed valuation of the property in the District increased by 27% in 2023 from \$763,986,160 to \$968,318,880.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Westerly Creek Metropolitan District
c/o White Bear Ankele Tanaka & Waldron
2154 East Commons Avenue, Suite 2000
Centennial, CO 80122

WESTERLY CREEK METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS December 31, 2023

	<u>General</u>	<u>Total</u>	<u>Adjustments</u>	Statement of Net Position
ASSETS				
Cash and investments	\$ 46,744	\$ 46,744	\$ -	\$ 46,744
Property taxes receivable	64,734,054	64,734,054	-	64,734,054
Prepaid expenses	<u>4,135</u>	<u>4,135</u>	<u>-</u>	<u>4,135</u>
Total Assets	<u>64,784,933</u>	<u>64,784,933</u>	<u>-</u>	<u>64,784,933</u>
 Total Assets	 <u>\$ 64,784,933</u>	 <u>\$ 64,784,933</u>		
LIABILITIES				
Accounts payable	\$ 47,331	\$ 47,331	-	47,331
Total Liabilities	<u>47,331</u>	<u>47,331</u>	<u>-</u>	<u>47,331</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	<u>64,734,054</u>	<u>64,734,054</u>	<u>-</u>	<u>64,734,054</u>
Total Deferred Inflows of Resources	<u>64,734,054</u>	<u>64,734,054</u>	<u>-</u>	<u>64,734,054</u>
FUND BALANCES/NET POSITION				
Fund Balances:				
Nonspendable:				
Prepays	4,135	4,135	(4,135)	-
Unassigned	<u>(587)</u>	<u>(587)</u>	<u>587</u>	<u>-</u>
Total Fund Balances	<u>3,548</u>	<u>3,548</u>	<u>(3,548)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 64,784,933</u>	<u>\$ 64,784,933</u>		
 Net Position:				
Unrestricted			<u>3,548</u>	<u>3,548</u>
Total Net Position			<u>\$ 3,548</u>	<u>\$ 3,548</u>

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

WESTERLY CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES				
Legal	\$ 75,674	\$ 75,674	\$ -	\$ 75,674
Election expenses	119,725	119,725	-	119,725
Professional services	75,793	75,793	-	75,793
Treasurer's fees	470,816	470,816	-	470,816
Accounting & audit	16,569	16,569	-	16,569
Insurance	5,390	5,390	-	5,390
Miscellaneous	3,129	3,129	-	3,129
Transfer to Park Creek Metropolitan District	<u>48,918,046</u>	<u>48,918,046</u>	<u>-</u>	<u>48,918,046</u>
Total Expenditures	<u>49,685,142</u>	<u>49,685,142</u>	<u>-</u>	<u>49,685,142</u>
GENERAL REVENUES				
Property taxes - Debt Service	45,290,156	45,290,156	-	45,290,156
Property taxes - Operations & Maintenance	1,400,726	1,400,726	-	1,400,726
Specific ownership taxes	2,201,041	2,201,041	-	2,201,041
Interest income	30,930	30,930	-	30,930
Transfer from Park Creek Metropolitan District	<u>740,817</u>	<u>740,817</u>	<u>-</u>	<u>740,817</u>
Total General Revenues	<u>49,663,670</u>	<u>49,663,670</u>	<u>-</u>	<u>49,663,670</u>
NET CHANGES IN FUND BALANCES	(21,472)	(21,472)	-	
CHANGE IN NET POSITION			-	(21,472)
FUND BALANCES/NET POSITION:				
BEGINNING OF YEAR	<u>25,020</u>	<u>25,020</u>	<u>-</u>	<u>25,020</u>
END OF YEAR	<u>\$ 3,548</u>	<u>\$ 3,548</u>	<u>\$ -</u>	<u>\$ 3,548</u>

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

WESTERLY CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes - Debt Service	\$ 45,786,454	\$ 45,786,454	\$ 45,290,156	\$ (496,298)
Property taxes - Operations & Maintenance	1,416,431	1,416,431	1,400,726	(15,705)
Specific ownership taxes	2,832,173	2,832,173	2,201,041	(631,132)
Other income	-	-	-	-
Interest income	700	-	30,930	30,930
Transfer from Park Creek Metropolitan District	<u>823,939</u>	<u>1,011,883</u>	<u>740,817</u>	<u>(271,066)</u>
Total Revenues	<u>50,859,697</u>	<u>51,046,941</u>	<u>49,663,670</u>	<u>(1,383,271)</u>
EXPENDITURES				
Legal	60,000	85,000	75,674	9,326
Legal - Litigation	-	-	-	-
Election expenses	35,000	115,000	119,725	(4,725)
Professional services	-	-	-	-
Dues	1,000	1,000	-	1,000
Training and education	-	-	-	-
Financial advisor	-	-	-	-
SDA Conference	5,000	5,000	-	5,000
Professional services	3,000	78,000	75,793	2,207
Miscellaneous	-	-	-	-
Contingency	50,000	51,944	-	51,944
Treasurer's fees	478,056	478,056	470,816	7,240
Accounting & audit	14,000	20,000	16,569	3,431
Insurance	6,000	6,000	5,390	610
Miscellaneous	10,000	10,000	3,129	6,871
Transfer to Park Creek Metropolitan District	<u>50,196,941</u>	<u>50,196,941</u>	<u>48,918,046</u>	<u>1,278,895</u>
Total Expenditures	<u>50,858,997</u>	<u>51,046,941</u>	<u>49,685,142</u>	<u>1,361,799</u>
NET CHANGE IN FUND BALANCE	700	-	(21,472)	(21,472)
FUND BALANCE:				
BEGINNING OF YEAR	<u>22,117</u>	<u>-</u>	<u>25,020</u>	<u>25,020</u>
END OF YEAR	<u>\$ 22,817</u>	<u>\$ -</u>	<u>\$ 3,548</u>	<u>\$ 3,548</u>

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

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized on July 13, 2000, as a quasi-municipal organization established under the State of Colorado Special District Act. The District cooperates with Park Creek Metropolitan District (“Park Creek”) to provide the financing, construction and maintenance of the infrastructure facilities located within the District. The District is the taxing district and Park Creek is the financing, construction and operating district. The District and Park Creek were organized for the completion of infrastructure at the former Stapleton International Airport. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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.

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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.

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 fund:

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.

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Budgetary Accounting

In accordance with the Local Government 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 total 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. The District amended its total appropriations.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023, 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 is considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition.

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

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 does not have items that qualify for reporting in this category.

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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 only one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 City and County of Denver bills and collects the property taxes and remits collections on a monthly basis to the District and the Denver Urban Renewal Authority ("DURA"). DURA remits the District's share of incremental property tax revenues to the District. In addition, Adams County also collects property taxes and remits collections on a monthly basis 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.

Fund Balance

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:

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. Nonspendable fund balance at December 31, 2023 represents prepaid insurance.

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.

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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 District'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 other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may 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 of 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.

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 2: Cash and investments

As of December 31, 2023, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	<u>\$ 46,744</u>
----------------------	------------------

Cash and investments as of December 31, 2023, consist of the following:

Deposits with financial institutions	\$ 18,890
Investments - COLOTRUST	<u>27,854</u>
	<u>\$ 46,744</u>

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 does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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 investments are not required to be categorized within the fair value hierarchy. The District's investments are calculated using the net asset value method (NAV) per share.

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Credit Risk

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

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.

As of December 31, 2023, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”), is rated AAAm by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. 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. There are no unfunded commitments and there is no redemption notice period. At December 31, 2023, the District had 27,854 invested in COLOTRUST PLUS+.

Note 3: Intergovernmental Agreement

The District and Park Creek entered into an Intergovernmental Financing and Construction Agreement (“IGA”) dated April 30, 2001. Per the IGA, Park Creek will finance the construction costs for the In-Tract and Trunk Infrastructure in accordance with the Service Plan and will be responsible for the completion of the Infrastructure. The District agreed to certify a mill levy on all taxable property within the District of 48.5 mills (as adjusted) to repay all obligations and construction costs and 1.5 mills (as adjusted) to fund administrative and operating expenses of the District and Park Creek.

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

The District is required by the IGA to pass the majority of the revenues received to Park Creek, where they are applied to pay operating expenditures and debt service on Park Creek obligations.

As of March 24, 2022, the District and Park Creek Metropolitan District reached a letter agreement understanding regarding the SDC Reduced Operations Plan and Intergovernmental Financing Construction Agreement .which among other provisions includes an agreement for Park Creek to transfer ownership and operational responsibility for all Park Creek-owned real property, facilities and services, except any real property or facilities under warranty and/or transferrable to the City of Denver, to the District, provided that on or before the date of the transfer, all developer advances have been repaid in full to Stapleton Land, LLC or other holders of such obligations by that date."

Note 4: 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.

Since the majority of revenues are transferred to Park Creek, the emergency reserve is reflected in Park Creek's financials at December 31, 2023.

WESTERLY CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 5: 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.