

**DENVER CONNECTION WEST  
METROPOLITAN DISTRICT  
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

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Dazzio & Associates, PC

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Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Denver Connection West Metropolitan District  
City and County of Denver, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Denver Connection West Metropolitan District as of and for the year December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Denver Connection West Metropolitan District, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Denver Connection West Metropolitan District's basic financial statements. The Supplementary Information and the Other Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information 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.

*Daggio & Associates, P.C.*

July 14, 2021

## **BASIC FINANCIAL STATEMENTS**

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 86,583
Cash and Investments - Restricted	2,004,749
Prepaid Expense	4,784
Accounts Receivable	40,019
Accounts Receivable - Admin Fees	1,400
Accounts Receivable - Other	14,000
Property Taxes Receivable	879,219
Receivable from County Treasurer	2,189
Capital Assets Not Being Depreciated	4,836,344
Capital Assets Being Depreciated	4,952,556
Total Assets	12,821,843
<b>LIABILITIES</b>	
Accounts Payable	30,441
Prepaid Assessments	8,844
Accrued Interest Payable	43,403
Noncurrent Liabilities:	
Due in More Than One Year	31,158,091
Total Liabilities	31,240,779
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	879,219
Total Deferred Inflows of Resources	879,219
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	16,200
Debt Service	1,148,075
Unrestricted	(20,462,430)
Total Net Position	\$ (19,298,155)

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Government Activities:					
General Government	\$ 1,057,485	\$ 500,758	\$ -	\$ -	\$ (556,727)
Interest and Related Costs on Long-Term Debt	2,003,199	-	-	-	(2,003,199)
Total Governmental Activities	\$ 3,060,684	\$ 500,758	\$ -	\$ -	(2,559,926)
<b>GENERAL REVENUES</b>					
					604,635
					31,187
					14,162
					12,966
					662,950
<b>CHANGES IN NET POSITION</b>					(1,896,976)
					(17,401,179)
<b>NET POSITION - END OF YEAR</b>					\$ (19,298,155)

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

<b>ASSETS</b>	General	Special Revenue	Debt Service	Capital Projects	Capital Projects - Reserve	Total Governmental Funds
Cash and Investments	\$ 7,623	\$ 26,983	\$ -	\$ 3,585	\$ 48,392	\$ 86,583
Cash and Investments - Restricted	3,900	12,300	1,988,549	-	-	2,004,749
Accounts Receivable	-	40,019	-	-	-	40,019
Accounts Receivable - Admin Fees	-	1,400	-	-	-	1,400
Accounts Receivable - Other	-	14,000	-	-	-	14,000
Prepaid Expense	450	667	3,667	-	-	4,784
Receivable from County Treasurer	438	-	1,751	-	-	2,189
Property Taxes Receivable	175,847	-	703,372	-	-	879,219
<b>Total Assets</b>	<b><u>\$ 188,258</u></b>	<b><u>\$ 95,369</u></b>	<b><u>\$ 2,697,339</u></b>	<b><u>\$ 3,585</u></b>	<b><u>\$ 48,392</u></b>	<b><u>\$ 3,032,943</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 3,918	\$ 23,807	\$ -	\$ 2,716	\$ -	\$ 30,441
Prepaid assessments	-	8,844	-	-	-	8,844
<b>Total Liabilities</b>	<b><u>3,918</u></b>	<b><u>32,651</u></b>	<b><u>-</u></b>	<b><u>2,716</u></b>	<b><u>-</u></b>	<b><u>39,285</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Property Taxes	175,847	-	703,372	-	-	879,219
<b>Total Deferred Inflows of Resources</b>	<b><u>175,847</u></b>	<b><u>-</u></b>	<b><u>703,372</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>879,219</u></b>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid Expenses	450	667	3,667	-	-	4,784
Restricted for:						
Emergency Reserves	3,900	12,300	-	-	-	16,200
Bond Reserve Funds	-	-	793,519	-	-	793,519
Debt Service	-	-	1,196,781	-	-	1,196,781
Committed to:						
Special Revenue	-	49,751	-	-	-	49,751
Assigned to:						
Capital Projects	-	-	-	869	48,392	49,261
Unassigned	4,143	-	-	-	-	4,143
<b>Total Fund Balances</b>	<b><u>8,493</u></b>	<b><u>62,718</u></b>	<b><u>1,993,967</u></b>	<b><u>869</u></b>	<b><u>48,392</u></b>	<b><u>2,114,439</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 188,258</u></b>	<b><u>95,369</u></b>	<b><u>\$ 2,697,339</u></b>	<b><u>\$ 3,585</u></b>	<b><u>\$ 48,392</u></b>	

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

Capital assets are recorded as assets on the statement of net position, but are recorded as expenditures in the funds.

Capital Assets, Net

9,788,900

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

Bonds Payable

(9,690,000)

Subordinate Bonds Payable

(2,523,000)

Accrued Interest on Bonds Payable-2017A

(43,403)

Accrued Interest on Bonds Payable-2017B

(8,970)

Developer Advance Payable - Accrued Interest

(3,018,021)

Developer Advance Payable

(15,918,100)

Net Position of Governmental Activities

\$ (19,298,155)

See accompanying Notes to Basic Financial Statements.



**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Capital Projects Reserve	Total Governmental Funds
<b>REVENUES</b>						
General:						
Property Taxes	\$ 120,929	\$ -	\$ 483,706	\$ -	\$ -	\$ 604,635
Specific Ownership Tax	6,238	-	24,949	-	-	31,187
Admin Fees	-	17,215	-	-	-	17,215
Miscellaneous Income	-	14,162	-	-	-	14,162
Operations and Maintenance Fee	-	483,543	-	-	-	483,543
Interest Income	67	-	12,899	-	-	12,966
Total Revenues	<u>127,234</u>	<u>514,920</u>	<u>521,554</u>	<u>-</u>	<u>-</u>	<u>1,163,708</u>
<b>EXPENDITURES</b>						
General:						
Accounting	28,522	-	-	-	-	28,522
County Treasurer's Fee	1,210	-	-	-	-	1,210
Auditing	4,900	-	-	-	-	4,900
District Management	35,905	-	-	-	-	35,905
Legal Services	34,457	-	-	-	-	34,457
Miscellaneous	3,154	-	-	-	-	3,154
Election	2,113	-	-	-	-	2,113
Special Revenue:						
Accounting	-	8,641	-	-	-	8,641
Administrative Management	-	85,869	-	-	-	85,869
Clubhouse Operations/Supplies	-	59,616	-	-	-	59,616
Covenant Control	-	4,010	-	-	-	4,010
District Management	-	13,844	-	-	-	13,844
Dog Park Maintenance	-	9,932	-	-	-	9,932
Dues and Licenses	-	3,785	-	-	-	3,785
Insurance and Bonds	-	29,890	-	-	-	29,890
Landscape Maintenance	-	77,276	-	-	-	77,276
Legal Services	-	12,524	-	-	-	12,524
Miscellaneous	-	3,676	-	-	-	3,676
Pool Maintenance	-	21,129	-	-	-	21,129
Repairs and Maintenance	-	29,458	-	-	-	29,458
Security	-	15,438	-	-	-	15,438
Snow Removal	-	61,086	-	-	-	61,086
Utility - Electricity	-	10,372	-	-	-	10,372
Utility - Water	-	24,860	-	-	-	24,860
Debt Service:						
Bond Interest - Series 2017A	-	-	520,838	-	-	520,838
Bond Interest - Series 2017B	-	-	203,120	-	-	203,120
Bond Principal - Series 2017 B	-	-	16,000	-	-	16,000
County Treasurer's Fee	-	-	4,840	-	-	4,840
Paying Agent Fees	-	-	5,500	-	-	5,500
Capital Outlay:						
Engineering	-	-	-	20,639	-	20,639
Legal Services	-	-	-	8,596	-	8,596
Capital Outlay - Infrastructure	-	-	-	364,959	-	364,959
Reserve for Capital Improvements - Reserve Study	-	-	-	-	3,580	3,580
Total Expenditures	<u>110,261</u>	<u>471,406</u>	<u>750,298</u>	<u>394,194</u>	<u>3,580</u>	<u>1,729,739</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	16,973	43,514	(228,744)	(394,194)	(3,580)	(566,031)
<b>OTHER FINANCING SOURCES (USES)</b>						
Developer Advance	-	-	-	386,377	-	386,377
Transfers from (to) Other Fund	-	(51,972)	-	-	51,972	-
Total Other Financing Sources	<u>-</u>	<u>(51,972)</u>	<u>-</u>	<u>386,377</u>	<u>51,972</u>	<u>386,377</u>
<b>NET CHANGE IN FUND BALANCES</b>	16,973	(8,458)	(228,744)	(7,817)	48,392	(179,654)
Fund Balances (Deficit) - Beginning of Year, as Restated	<u>(8,480)</u>	<u>71,176</u>	<u>2,222,711</u>	<u>8,686</u>	<u>-</u>	<u>2,294,093</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 8,493</u>	<u>\$ 62,718</u>	<u>\$ 1,993,967</u>	<u>\$ 869</u>	<u>\$ 48,392</u>	<u>\$ 2,114,439</u>

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Net Changes in Fund Balances - Total Governmental Funds \$ (179,654)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful life of the asset. During the current period, this is the net amount of capital outlay.

Capital Outlay	28,529
Depreciation Expense	(101,073)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Current Year Bond Principal Payment	16,000
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The issuance of long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advances	(386,377)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Bonds - Change in Liability	57
Accrued Interest on Developer Advances - Change in Liability	(1,274,458)

Change in Net Position of Governmental Activities	\$ (1,896,976)
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**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 120,929	\$ 120,929	\$ -
Specific Ownership Tax	7,256	6,238	(1,018)
Interest Income	30	67	37
Total Revenues	<u>128,215</u>	<u>127,234</u>	<u>(981)</u>
<b>EXPENDITURES</b>			
General and Administrative			
Accounting	23,000	28,522	(5,522)
Auditing	5,000	4,900	100
County Treasurer's Fee	1,209	1,210	(1)
District Management	40,000	35,905	4,095
Legal Services	30,000	34,457	(4,457)
Miscellaneous	5,000	3,154	1,846
Election	20,000	2,113	17,887
Contingency	2,791	-	2,791
Total Expenditures	<u>127,000</u>	<u>110,261</u>	<u>16,739</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,215	16,973	15,758
Fund Balance (Deficit) - Beginning of Year	<u>2,748</u>	<u>(8,480)</u>	<u>(11,228)</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$ 3,963</u>	<u>\$ 8,493</u>	<u>\$ 4,530</u>

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Admin Fees	\$ 11,700	\$ 17,215	\$ 5,515
Miscellaneous Income	-	14,162	14,162
Operations and Maintenance Fee	506,028	483,543	(22,485)
Reimbursed Expenditures	20,000	-	(20,000)
Total Revenues	<u>537,728</u>	<u>514,920</u>	<u>(22,808)</u>
<b>EXPENDITURES</b>			
Accounting	7,000	8,641	(1,641)
Administrative Management	95,460	85,869	9,591
Clubhouse Operations/Supplies	142,480	59,616	82,864
Contingency	22,838	-	22,838
Covenant Control	25,000	4,010	20,990
District Management	7,000	13,844	(6,844)
Dog Park Maintenance	8,000	9,932	(1,932)
Dues and Licenses	1,000	3,785	(2,785)
Insurance and Bonds	30,000	29,890	110
Landscape Maintenance	91,000	77,276	13,724
Landscape Improvements	10,000	-	10,000
Legal Services	5,000	12,524	(7,524)
Miscellaneous	1,000	3,676	(2,676)
Pool Maintenance	22,500	21,129	1,371
Repairs and Maintenance	30,000	29,458	542
Security	14,150	15,438	(1,288)
Snow Removal	20,000	61,086	(41,086)
Utility - Electricity	9,600	10,372	(772)
Utility - Water	25,000	24,860	140
Total Expenditures	<u>567,028</u>	<u>471,406</u>	<u>95,622</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(29,300)	43,514	72,814
<b>OTHER FINANCING SOURCES</b>			
Transfer to Other Funds	(51,972)	(51,972)	-
Total Other Financing Uses	<u>(51,972)</u>	<u>(51,972)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(81,272)	(8,458)	72,814
Fund Balance - Beginning of Year, as Restated	<u>98,318</u>	<u>71,176</u>	<u>(27,142)</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$ 17,046</u>	<u>\$ 62,718</u>	<u>\$ 45,672</u>

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

The District, a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for the City and County of Denver and recorder on December 1, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City and County of Denver, Colorado.

The District was established to provide financing for the construction, installation, and operation of public improvements and services, including streets, water, storm, sanitation, safety protection, and parks and recreation facilities, transportation, mosquito control, and covenant enforcement.

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with operations and maintenance of the District.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

The Capital Project Reserve Fund is used to account for financial resources to be used for replacing and/or maintain community center and capital improvements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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 appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2020.

**Pooled Cash and Investments**

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 single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**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 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

**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 or business-type 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and Improvements	20 Years
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**Facilities Fees**

On December 9, 2016, the District's Board of Directors approved and adopted the Denver Connection West Metropolitan District Facilities Fee Resolution, as recorded on February 10, 2017, for the imposition of a one-time Facilities Fee for the use of the District service system.

The Facilities Fee is charged against each residential building located within the property ( Dwelling Unit) and imposes a rate of \$3,000 per Equivalent Unit, defined as the right to use the District service system for one dwelling unit (Equivalent Unit). The Facilities Fee is payable on or before the date of issuance of a building permit.

**District Fees**

On May 23, 2017, the District's Board of Directors approved and adopted the Resolution of the Board of Directors of the Denver Connection West Metropolitan District Regarding the Imposition of District Fees, as recorded on July 27, 2017, for the imposition of an operations and maintenance fee (O&M Fee), and an administrative fee (Administrative Fee, collectively with the O&M Fee, the District Fees).

The District imposes the O&M Fee to offset the costs associated with the operation and maintenance of the District improvements. The O&M Fee is charged against each residential building located within the property and imposes a rate of \$168 per quarter for each single family residential unit, \$183 per quarter for each rear-loaded single family residential dwelling unit, and \$183 per quarter for each townhome unit. The O&M Fee are due payable on January 25, April 25, July 25, and October 25. On November 24, 2020, the District adopted an Amended and Restated Resolution Regarding the Imposition of District Fees and imposes a rate of \$177 per quarter for each single family unit, \$212 per quarter to each rear-loaded single family residential dwelling unit, and \$196 per quarter for each townhome unit.



**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**District Fees (Continued)**

The District imposes the Administrative Fee to offset the administrative costs associated with the transfer of ownership of any dwelling unit located within the property. The Administrative Fee is charged against any dwelling unit located within the property to which ownership will be transferred and imposes a rate of \$100.00 per unit. The Administrative Fee is due and payable at the time of any sale, transfer, or re-sale of any unit constructed on a lot which has a certificate of occupancy. Effective November 24, 2020 the District imposes a rate of \$250 per unit.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Equity**

**Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

Fund Balance (Continued)

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

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

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

**Restatement of Beginning Net Position and Fund Balance**

In 2019 the District created its Special Revenue Fund to provide services for the Clubhouse and Parks. On December 31, 2019 the District recorded operation and maintenance fee revenue that was due to 2020 in the amount of \$106,582.

The District’s beginning fund balance have been restated to reflect the revenue described above.

	Governmental Activities
Net Position - December 31, 2019 as Originally Stated	\$ (17,294,597)
Restatement Related to Operation and Maintenance Fees Due to 2020	(106,582)
Net Position - January 1, 2020, as Restated	\$ (17,401,179)

	Governmental Fund - Special Revenue
Fund Balance - December 31, 2019 as Originally Stated	\$ 177,758
Restatement Related to Operation and Maintenance Fees Due to 2020	(106,582)
Fund Balance - January 1, 2020, as Restated	\$ 71,176

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$	86,583
Cash and Investments - Restricted		2,004,749
Total Cash and Investments	<u>\$</u>	<u>2,091,332</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with Financial Institutions	\$	105,325
Investments		1,986,007
Total Cash and Investments	<u>\$</u>	<u>2,091,332</u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposit had a bank balance of \$143,344 and a carrying balance of \$105,325.

**Investments**

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

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 682
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	1,985,325
Total Investments		<u>\$ 1,986,007</u>

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

The following is an analysis of the changes in capital assets for the year ended December 31, 2020:

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress				
Parks and Open Space	\$ 4,818,104	\$ 18,240	\$ -	\$ 4,836,344
Community Center - HUB	5,043,340	10,289	5,053,629	-
Total Capital Assets Not Being Depreciated	9,861,444	28,529	5,053,629	4,836,344
Capital Assets, Being Depreciated:				
Community Center - HUB	-	5,053,629	-	5,053,629
Total Capital Assets Being Depreciated	-	5,053,629	-	5,053,629
Less Accumulated Depreciation for:				
Community Center - HUB	-	(101,073)	-	(101,073)
Total Accumulated Depreciation	-	(101,073)	-	(101,073)
Total Capital Assets, Being Depreciated, Net	-	4,952,556	-	4,952,556
Governmental Activities - Capital Assets, Net	<u>\$ 9,861,444</u>	<u>\$ 4,952,556</u>	<u>\$ 5,053,629</u>	<u>\$ 9,788,900</u>

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

General Government \$ 101,073

Certain assets, primarily the Community Center, are remaining with the District for ownership and maintenance.

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
G.O. Bonds - Series 2017A	\$ 9,690,000	\$ -	\$ -	\$ 9,690,000	\$ -
G.O. Subordinate Bonds - Series 2017B	2,539,000	-	16,000	2,523,000	-
Accrued Interest - 2017B					
Subordinate Bonds	9,027	203,063	203,120	8,970	-
Developer Advances - General	110,576	-	-	110,576	-
Interest on Developer Advances - General	15,935	8,846	-	24,781	-
Developer Advances - Capital	15,421,147	386,377	-	15,807,524	-
Interest on Developer Advances - Capital	1,727,628	1,265,612	-	2,993,240	-
Total	<u>\$ 29,513,313</u>	<u>\$ 1,863,898</u>	<u>\$ 219,120</u>	<u>\$ 31,158,091</u>	<u>\$ -</u>

On August 23, 2017, the District issued \$9,690,000 in Series 2017A Limited Tax (convertible to unlimited tax) General Obligation Bonds with interest of 5.375% (2017A Bonds). The 2017A Bonds are subject to redemption prior to maturity at the option of the District and due on August 1, 2047. In addition, the 2017A bonds are subject to mandatory sinking fund redemption beginning December 1, 2022.

The 2017A Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2022, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2022, to November 30, 2023	3.00%
December 1, 2023, to November 30, 2024	2.00
December 1, 2024, to November 30, 2025	1.00
December 1, 2025, and thereafter	0.00

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

The 2017A Bonds are secured by and payable from Senior Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) all Senior Property Tax Revenues, (2) all Senior Specific Ownership Tax Revenues, (3) all Capital Fees, and (4) any other legally available monies which the District determines to credit to the Senior Bond Fund.

The 2017A Bonds are also secured by amounts held by the Trustee in the Reserve Fund in the amount of \$794,569. The Reserve Fund was created for the purpose of paying, if necessary, the principal of, premium, if any, and interest on the 2017A Bonds. Senior Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the 2017A Bonds as the same become due and payable and to make up deficiencies in the Reserve Fund.

The maximum Senior Required Mill Levy is 40.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District.

On August 23, 2017, the District issued \$2,539,000 in Series 2017B Subordinate Bonds ("2017B Bonds", together with the 2017A Bonds, the "Bonds"). The 2017B Bonds are special limited obligations of the District secured by and payable from the 2017B Subordinate pledged revenues, subject in all respects to the prior lien in favor of the 2017A Bonds. The Series 2017B Bonds are term bonds due on August 1, 2047 at an interest rate of 8.00%. The 2017B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2017B Bonds compounds annually on each December 15. In the event any amount of principal or interest on the 2017B Bonds remains unpaid after the application of all Subordinate Pledged Revenue on December 15, 2057, the 2017B Bonds shall be deemed discharged.

Proceeds of the Bonds are being used to finance and reimburse the costs of public improvements necessary for development within the District. In addition, the proceeds of the 2017A Bonds were used to fund the capitalized interest account on the 2017A Bonds, fund the Senior Reserve Fund and pay the costs of issuing the Bonds.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 520,838	\$ 520,838
2022	80,000	520,838	600,838
2023	110,000	516,538	626,538
2024	125,000	510,625	635,625
2025	135,000	503,906	638,906
2026-2030	915,000	2,393,757	3,308,757
2031-2036	1,370,000	2,101,626	3,471,626
2037-2041	1,980,000	1,671,088	3,651,088
2042-2046	2,770,000	1,058,874	3,828,874
2047	2,205,000	173,343	2,378,343
Total	<u>\$ 9,690,000</u>	<u>\$ 9,971,433</u>	<u>\$ 19,661,433</u>

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

The amounts of principal and interest payments to be made in future years on the 2017B Subordinate Bonds will depend on pledged revenue collected and cannot be predicted with certainty.

**Authorized Debt**

On November 8, 2016, a majority of the qualified electors of the District who voted in the election authorized the issuance of District indebtedness in an amount not to exceed \$200,000,000. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Debt Authorized 2016 Election	Authorization Used for Series 2017A Bonds	Authorization Used for Series 2017B Bonds	Authorized But Unissued
Capital Improvements	\$ 140,000,000	\$ 9,690,000	\$ 2,539,000	\$ 127,771,000
Operations and Maintenance	20,000,000	-	-	20,000,000
Intergovernmental Agreements	20,000,000	-	-	20,000,000
Refunding	20,000,000	-	-	20,000,000
Total	<u>\$ 200,000,000</u>	<u>\$ 9,690,000</u>	<u>\$ 2,539,000</u>	<u>\$ 187,771,000</u>

**NOTE 6 NET POSITION**

The District's net position consists of two components – restricted and unrestricted.

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 16,200
Debt Service	1,148,075
Total Restricted Net Position	<u>\$ 1,164,275</u>

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets. The District has a deficit in unrestricted net position. The deficit amount was a result of the District being responsible for the financing and repayment of debt obligations and advances for the construction of public improvements conveyed to other governmental entities.



**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 RELATED PARTY**

The Developer of the property in the District is William Lyon Homes, Inc (acquired by Taylor Morrison, Inc. on February 6, 2020). During 2020, some of the members of the Board of Directors are employees, owners, or otherwise associated with the Developer, and may have conflict of interest in dealing with the District.

**NOTE 8 AGREEMENTS**

**Operation Funding Agreement**

The District and the Developer (William Lyon Homes, Inc.) entered into an Operation Funding Agreement on January 30, 2017, with an effective date of December 1, 2016, as amended by the first Amendment dated July 27, 2017 (Agreement).

Pursuant to the authority granted to the District by its Service Plan, as approved by the City Council of the City and County of Denver on September 12, 2016, as it may be amended from time to time (the Service Plan), the District intends to construct and/or acquire certain public improvements and provide certain services to benefit properties within its boundaries and/or service area (the District Services). In order for the public improvements to be constructed and/or acquired it is necessary for the District to be able to pay its ongoing operations and maintenance expenses which enable it to provide the District Services.

In order to enable the District to provide District Services, Developer was willing to advance funds to the District or to pay consultants directly for operations and maintenance expenses pursuant to the terms of this Agreement.

The District anticipated a shortfall in revenues available for operations and maintenance expenses to be incurred for fiscal years 2016 and 2019 in an aggregate amount of \$184,000 (the Shortfall Amount). The Developer advanced funds necessary to fund, or directly pay, the District's operations and maintenance expenses on a periodic basis as needed for the fiscal years 2016 through 2019 up to the Shortfall Amount. The District, from time to time, provided written notice to the Developer that an advance of all or part of the Shortfall Amount was required.

Simple interest accrues on each Developer Advance from the date of deposit into the District's account or from the date of direct payment by Developer, until paid, at the rate of 8% per annum. Payments to reimburse the Developer shall be made on December 2 of each year and shall be applied as follows: first to the accrued and unpaid interest and then to the principal amount due pursuant to this Agreement.

The term of this Agreement commenced on December 1, 2016 and expired on December 31, 2019 Any obligation of Developer to advance funds expired upon advance to the District of amounts sufficient to pay expenses incurred in 2016 through 2019, not to exceed the Shortfall Amount. Any obligation of District to reimburse Developer shall expire on December 31, 2059. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to this Agreement on or before December 31, 2059, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Operation Funding Agreement (Continued)**

As of December 31, 2020, outstanding advances under the Agreement totaled \$110,576 and accrued interest totaled \$24,781.

**Facilities Funding and Acquisition Agreement**

The District and the Developer entered into a Facilities Funding and Acquisition Agreement on January 30, 2017, with an effective date of December 1, 2016 (the Acquisition Agreement). Pursuant to the Acquisition Agreement, the Developer has agreed to advance funds to the District (each an "Advance") in the amount necessary to fund the costs of designing, testing, engineering, and construction of the public improvements, together with related consultant and management fees, as needed, up to \$20,000,000 (unless otherwise approved by the Developer), for the fiscal years 2016 through 2026. Alternatively, the Developer may design, construct, and complete certain public improvements and the District may acquire such improvements.

Subject to availability of funding, the District agrees to repay the Developer for advances made for organization expenses of the District and advances for construction related expenses with simple interest accruing thereon at the rate of 8% per annum. In the event the District has not repaid the Developer by December 31, 2057, any amount of principal and accrued interest outstanding on such date is to be deemed discharged and satisfied in full. The Acquisition Agreement does not constitute a debt or multiple fiscal year financial obligation of the District and the making of any reimbursement thereunder is subject to annual appropriation.

As of December 31, 2020, outstanding advances under the agreement totaled \$15,807,524 and accrued interest totaled \$2,993,240.

**Gateway Improvement Funding Agreement**

The District and the City and County of Denver, Colorado (City) entered into the Gateway Improvements Funding Agreement (Denver Connection West) dated September 19, 2019 (Gateway IGA). The Gateway IGA recognizes that the District is located within the Gateway Impact Fee Assessment Area (Assessment Area), as defined in the City's Gateway Impact Fee Ordinance 863, Series 2000 (Impact Fee Ordinance). The Impact Fee Ordinance provides for the collection of an Impact Fee to finance regional infrastructure within the Assessment Area. Under the Gateway IGA, the District intends to exercise its authority to construct, provide for or finance certain regional infrastructure for the Green Valley Ranch Boulevard expansion improvements and the Memphis Street traffic signal improvements (collectively, the Gateway Improvements), both of which are impact fee projects. The City shall reimburse the District for certain funds expended by the District for the purpose of undertaking construction of the Gateway Improvements, in an amount not to exceed \$1,543,979.67. Once the City has accepted the Gateway Improvements, the District will convey the Gateway Improvements to the City for ownership and maintenance.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 INTERFUND AND OPERATING TRANSFERS**

The transfer from the Special Revenue Fund to Capital Project Reserve Fund was the result of creating Capital Project Reserve Fund by the District in 2020.

**NOTE 10 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, workers' compensation, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior 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.

At the election on November 8, 2016, voters of the District approved an election question allowing the District to collect and expend each year all revenues without regard to the revenue and spending limitations of TABOR.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

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.

## **SUPPLEMENTARY INFORMATION**

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 483,706	\$ 483,706	\$ 483,706	\$ -
Specific Ownership Tax	29,022	29,022	24,949	(4,073)
Interest Income	17,500	17,500	12,899	(4,601)
Total Revenues	<u>530,228</u>	<u>530,228</u>	<u>521,554</u>	<u>(8,674)</u>
<b>EXPENDITURES</b>				
County Treasurer's Fees	4,837	4,837	4,840	(3)
Bond Interest - Series 2017 A	520,838	520,838	520,838	-
Bond Interest - Series 2017 B	203,120	203,120	203,120	-
Bond Principal - Series 2017 B	-	16,000	16,000	-
Paying Agent Fees	5,500	5,500	5,500	-
Contingency	-	705	-	705
Total Expenditures	<u>734,295</u>	<u>751,000</u>	<u>750,298</u>	<u>702</u>
<b>NET CHANGE IN FUND BALANCE</b>	(204,067)	(220,772)	(228,744)	(7,972)
Fund Balance - Beginning of Year	<u>2,201,782</u>	<u>2,222,711</u>	<u>2,222,711</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,997,715</u></u>	<u><u>\$ 2,001,939</u></u>	<u><u>\$ 1,993,967</u></u>	<u><u>\$ (7,972)</u></u>

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Architecture	25,000	-	25,000
Capital Outlay - Infrastructure	2,200,000	364,959	1,835,041
Legal	25,000	8,596	16,404
Engineering	30,000	20,639	9,361
Public Art	250,000	-	250,000
Landscaping	1,100,000	-	1,100,000
Total Expenditures	<u>3,630,000</u>	<u>394,194</u>	<u>3,235,806</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,630,000)	(394,194)	3,235,806
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	3,630,000	386,377	(3,243,623)
Total Other Financing Sources (Uses)	<u>3,630,000</u>	<u>386,377</u>	<u>(3,243,623)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(7,817)	(7,817)
Fund Balance - Beginning of Year	-	8,686	8,686
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 869</u>	<u>\$ 869</u>

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
CAPITAL PROJECTS RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Reserve for Capital Improvements - Reserve Study	-	8,000	3,580	4,420
Total Expenditures	-	8,000	3,580	4,420
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(8,000)	(3,580)	4,420
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	-	51,972	51,972	-
Total Other Financing Sources (Uses)	-	51,972	51,972	-
<b>NET CHANGE IN FUND BALANCE</b>	-	43,972	48,392	4,420
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 43,972</u>	<u>\$ 48,392</u>	<u>\$ 4,420</u>



## **OTHER INFORMATION**

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2020**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
			\$9,690,000
			Limited Tax (Convertible to Unlimited Tax)
			General Obligation Bonds
			Refunding and Improvement Bonds
			Series 2017A
			August 23, 2017
			Principal due December 1
			Interest Rates 5.375% Payable
			June 1 and December 1
2021	\$ -	\$ 520,838	\$ 520,838
2022	80,000	520,838	600,838
2023	110,000	516,538	626,538
2024	125,000	510,625	635,625
2025	135,000	503,906	638,906
2026	155,000	496,650	651,650
2027	160,000	488,319	648,319
2028	185,000	479,719	664,719
2029	195,000	469,775	664,775
2030	220,000	459,294	679,294
2031	230,000	447,469	677,469
2032	255,000	435,106	690,106
2033	270,000	421,400	691,400
2034	300,000	406,888	706,888
2035	315,000	390,763	705,763
2036	345,000	373,831	718,831
2037	365,000	355,287	720,287
2038	395,000	335,669	730,669
2039	420,000	314,438	734,438
2040	455,000	291,863	746,863
2041	480,000	267,406	747,406
2042	520,000	241,605	761,605
2043	550,000	213,656	763,656
2044	595,000	184,094	779,094
2045	625,000	152,113	777,113
2046	675,000	118,519	793,519
2047	1,530,000	54,824	1,584,824
Total	\$ 9,690,000	\$ 9,971,433	\$ 19,661,433

**DENVER CONNECTION WEST METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2017	\$ 6,460	50.000	0.000	\$ 323	\$ 323	100.00%
2018	3,158,300	10.000	40.000	157,915	157,915	100.00
2019	4,230,150	11.055	44.222	233,830	163,776 (A)	70.04
2020	10,862,230	11.133	44.531	604,635	604,635	100.00
Estimated for the Year Ending December 31, 2021	\$ 15,795,120	11.133	44.531	\$ 879,219		

**NOTES:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

(A) Includes a rebate of \$70,345 to taxpayers in 2019.