

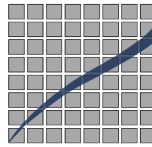
**WESTGATE METROPOLITAN DISTRICT**  
**EL PASO COUNTY, COLORADO**

**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**Westgate Metropolitan District**  
El Paso County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Westgate Metropolitan District ("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 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, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

## *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
July 29, 2024

# WESTGATE METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION

DECEMBER 31, 2023

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 2,579
Cash and investments - restricted	3,039,749
Receivable from County Treasurer	522
Prepaid expenses	2,710
Property taxes receivable	52,739
Capital assets:	
Construction in progress	6,273,241
<b>Total assets</b>	<b>9,371,540</b>
<b><u>LIABILITIES</u></b>	
Accounts payable	7,452
Accrued interest	44,224
Noncurrent liabilities:	
Due in more than one year	10,385,144
<b>Total liabilities</b>	<b>10,436,820</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred property taxes	52,739
<b>Total deferred inflows of resources</b>	<b>52,739</b>
<b><u>NET POSITION</u></b>	
Restricted for:	
Debt service	1,693,436
Capital projects	1,301,839
Emergency reserve	1,200
Unrestricted	(4,114,494)
<b>Total net position</b>	<b>\$ (1,118,019)</b>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

**WESTGATE METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>(Expenses) Revenues and Changes in Net Position</u>
					<u>Governmental Activities</u>
<b><u>FUNCTIONS / PROGRAMS</u></b>					
Primary government					
Government activities:					
General government	\$ 41,088	\$ -	\$ -	\$ -	\$ (41,088)
Interest and related costs on long-term debt	535,143	-	-	-	(535,143)
<b>Total government activities</b>	<b>\$ 576,231</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(576,231)</b>
<b><u>GENERAL REVENUES</u></b>					
Property taxes					65,136
Specific ownership taxes					6,811
Investment income					148,394
<b>Total general revenues</b>					<b>220,341</b>
Change in net position					(355,890)
Net position, beginning of year					(762,129)
Net position, end of year					<b>\$ (1,118,019)</b>

The accompanying notes and independent auditor's report should be read with these financial statements.

# WESTGATE METROPOLITAN DISTRICT

## BALANCE SHEETS - GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 2,579	\$ -	\$ -	\$ 2,579
Cash and investments - restricted	1,200	1,735,709	1,302,840	3,039,749
Receivable from County Treasurer	75	447	-	522
Prepaid expenses	2,710	-	-	2,710
Property taxes receivable	7,534	45,205	-	52,739
Due from other fund	-	1,504	-	1,504
<b>Total assets</b>	<b>\$ 14,098</b>	<b>\$ 1,782,865</b>	<b>\$ 1,302,840</b>	<b>\$ 3,099,803</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,452	\$ -	\$ -	\$ 7,452
Due to other fund	503	-	1,001	1,504
<b>Total liabilities</b>	<b>7,955</b>	<b>-</b>	<b>1,001</b>	<b>8,956</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property taxes	7,534	45,205	-	52,739
<b>Total deferred inflows of resources</b>	<b>7,534</b>	<b>45,205</b>	<b>-</b>	<b>52,739</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid expenses	2,710	-	-	2,710
Restricted for:				
Debt service	-	1,737,660	-	1,737,660
Capital projects	-	-	1,301,839	1,301,839
Emergency reserve	1,200	-	-	1,200
Unassigned:				
Unrestricted	(5,301)	-	-	(5,301)
<b>Total fund balances</b>	<b>(1,391)</b>	<b>1,737,660</b>	<b>1,301,839</b>	<b>3,038,108</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,098</b>	<b>\$ 1,782,865</b>	<b>\$ 1,302,840</b>	
Amounts reported in governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Construction in progress				6,273,241
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Bonds payable				(10,355,000)
Accrued interest on bonds payable				(44,224)
Developer advances				(27,358)
Accrued interest on developer advances				(2,786)
<b>Net position of governmental activities</b>				<b>\$ (1,118,019)</b>

The accompanying notes and independent auditor's report should be read with these financial statements.



**WESTGATE METROPOLITAN DISTRICT**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>				
Property taxes	\$ 9,305	\$ 55,831	\$ -	\$ 65,136
Specific ownership taxes	973	5,838	-	6,811
Investment income	-	91,095	57,299	148,394
<b>Total revenues</b>	<b>10,278</b>	<b>152,764</b>	<b>57,299</b>	<b>220,341</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Board fees	1,238	-	-	1,238
County Treasurer fees	140	837	-	977
Engineering	-	-	1,000	1,000
Insurance	250	-	-	250
Office and supplies	12	-	-	12
Professional fees	15,887	-	-	15,887
Repairs and maintenance	19,143	-	-	19,143
Stormwater fees	2,581	-	-	2,581
Debt service:				
Bond interest payments	-	530,694	-	530,694
Trustee fees	-	2,000	-	2,000
<b>Total expenditures</b>	<b>39,251</b>	<b>533,531</b>	<b>1,000</b>	<b>573,782</b>
Excess of revenues over expenditures	(28,973)	(380,767)	56,299	(353,441)
<b><u>OTHER FINANCING SOURCES AND USES</u></b>				
Proceeds from developer advances	19,358	-	-	19,358
<b>Total other financing sources and uses</b>	<b>19,358</b>	<b>-</b>	<b>-</b>	<b>19,358</b>
<b>Net change in fund balances</b>	<b>(9,615)</b>	<b>(380,767)</b>	<b>56,299</b>	<b>(334,083)</b>
Fund balances, beginning of year	8,224	2,118,427	1,245,540	3,372,191
<b>Fund balances, end of year</b>	<b>\$ (1,391)</b>	<b>\$ 1,737,660</b>	<b>\$ 1,301,839</b>	<b>\$ 3,038,108</b>

The accompanying notes and independent auditor's report should be read with these financial statements.

**WESTGATE METROPOLITAN DISTRICT**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

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Net change in fund balances \$ (334,083)

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

The issuance of long-term debt (such as bonds, leases, and developer advances) provides current financial resources to governmental funds, while the repayment 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.

Developer advances (19,358)

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Some items in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest on developer advances (2,449)

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Change in net position \$ (355,890)

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The accompanying notes and independent auditor's report  
should be read with these financial statements.

# WESTGATE METROPOLITAN DISTRICT

## GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL) YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 9,306	\$ 9,305	\$ (1)
Specific ownership taxes	651	973	322
Investment income	-	-	-
Total revenues	9,957	10,278	321
<b>EXPENDITURES</b>			
Bank charges	144	-	144
Board fees	-	1,238	(1,238)
County Treasurer fees	140	140	-
Contingency	10,000	-	10,000
Insurance	2,500	250	2,250
Office and supplies	-	12	(12)
Professional fees	22,500	15,887	6,613
Repairs and maintenance	20,000	19,143	857
Stormwater fees	2,000	2,581	(581)
Utilities	15,000	-	15,000
Total expenditures	72,284	39,251	33,033
Excess of revenues over expenditures	(62,327)	(28,973)	33,354
<b>OTHER FINANCING SOURCES AND USES</b>			
Proceeds from developer advances	65,000	19,358	(45,642)
Total other financing sources and uses	65,000	19,358	(45,642)
Net change in fund balance	\$ 2,673	(9,615)	\$ (12,288)
Fund balance, beginning of year		8,224	
Fund balance, end of year		\$ (1,391)	

The accompanying notes and independent auditor's report should be read with these financial statements.

# WESTGATE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2023

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#### 1. DEFINITION OF REPORTING ENTITY

Westgate Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed in July 2019, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to construct public improvements including road and bridge improvements, landscaping, sanitary and storm sewer, water systems, park and recreation, channel, and other drainage improvements needed for the area.

The District follows 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, and 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 operational and administrative functions are contracted.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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. Material 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 assets plus deferred outflows of resources and the liabilities plus deferred inflows of resources is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are properly excluded from program revenues and are reported as general revenues.

##### Measurement focus, basis of accounting, and financial statement position

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 when they are both measurable and available. Revenues are considered to be available when they are collectable 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 property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report.

# WESTGATE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2023

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The District reports the following major governmental funds:

The *general fund* accounts for all financial resources of the District except those required to be accounted for in another fund.

The *debt service fund* accounts for the servicing of general long-term debt and revenues generated and received by the District that are required to be used for repayment of debt.

The *capital projects fund* accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

#### Budgets

In accordance with state budget law, the District holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining, and other financing uses 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.

#### Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, 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 balance.

#### 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 and attaches as an enforceable lien as of January 1 of the following year. The County Treasurer collects the taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to the District monthly.

Property taxes, net of estimated uncollectable amounts, are recorded initially as deferred revenues in the year they are levied and measurable. The deferred property tax revenues are recorded as revenues in the year they are available or collected.

#### Capital assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and a useful life greater than two years. Such assets are recorded at cost or estimated cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of contribution.

Capital assets which are anticipated to be conveyed to other governmental entities are not depreciated or included in the calculation of net investment in capital assets component of the District's net position.

#### 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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Accordingly, property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

See independent auditor's report.

# WESTGATE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### Interfund balances and transactions

The District reports interfund balances and transfers that are representative of lending and borrowing arrangements between funds in the fund financial statements as due to other funds and due from other funds, respectively. The interfund balances have been eliminated in the government-wide statements.

### Net position and fund balances

#### *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 balances*

Fund balances for governmental funds are 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. 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:

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

The *restricted fund balance* is 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.

The *committed fund balance* is 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.

The *assigned fund balance* is 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.

The *unassigned fund balance* is the residual portion of fund balance that does not meet any of the criteria described above.

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

#### *General fund deficit*

The general fund reported a fund balance deficit as of December 31, 2023. The deficit is expected to be eliminated with the receipt of property taxes in the future.

### Use of estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See independent auditor's report.

**WESTGATE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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Subsequent events

The District has evaluated subsequent events through the date of the attached independent auditor's report, the date these financial statements were available to be issued.

**3. CASH AND INVESTMENTS**

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

Statement of net position:

Cash and investments	\$ 2,579
Cash and investments - restricted	<u>3,039,749</u>
	<u>\$ 3,042,328</u>

The carrying amounts of cash and investments, which equal estimated fair value, as of December 31, 2023, are as follows:

Deposits with financial institutions	\$ 3,779
Investments	<u>3,038,549</u>
	<u>\$ 3,042,328</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. The 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 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.

As of December 31, 2023, the District's cash deposits had a bank balance of \$3,779 and a carrying balance of \$3,779.

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 below which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. The District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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

See independent auditor's report.

# WESTGATE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Investment	Maturity	Amount
Certain money market funds	Weighted average under 60 days	\$ 3,038,549

### Invesco Treasury Portfolio

The District invested in the Invesco Treasury Portfolio Short-Term Investment Trust ("Invesco Trust" or "Trust"), an investment vehicle established in the US. The Trust offers the following portfolio: Invesco Treasury Obligations Portfolio.

Invesco Treasury, operates similarly to a money market fund in which each share is equal in value to \$1, with a percentage of daily liquidity available. The portfolio may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities.

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. Invesco Trust is rated AAAm by Standard & Poor's, and Aaa-mmf by FitchRatings. BOK Financial records its investment at fair value and the District records its investment in Invesco Trust at NAV as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

## 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, is as follows:

	Balance 01-01-23	Additions	Dispositions	Reclassifications	Balance 12-31-23
<u>Governmental activities</u>					
Capital assets, not depreciable:					
Construction in progress	\$ 6,273,241	\$ -	\$ -	\$ -	\$ 6,273,241
Capital assets, not depreciable	\$ 6,273,241	\$ -	\$ -	\$ -	\$ 6,273,241

See independent auditor's report.



**WESTGATE METROPOLITAN DISTRICT**  
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**5. LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt of the District during the year ended December 31, 2023:

	Balance 01-01-23	Additions	Repayments / Amortization	Balance 12-31-23	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2022 Bonds	\$ 10,355,000	\$ -	\$ -	\$ 10,355,000	\$ -
Total bonds payable	10,355,000	-	-	10,355,000	-
Other long-term obligations:					
Developer advances	8,000	19,358	-	27,358	-
Accrued interest on developer advances	337	2,449	-	2,786	-
Total other long-term obligations	8,337	21,807	-	30,144	-
Total long-term obligations	\$ 10,363,337	\$ 21,807	\$ -	\$ 10,385,144	\$ -

Series 2022 General Obligation Limited Tax Bonds

On March 2, 2022, the District issued Series 2022 General Obligation Limited Tax Bonds ("Series 2022 Bonds") for the purpose of: (a) financing or reimbursing a portion of the costs of designing, acquiring, constructing, relocating, installing, completing, and providing certain public infrastructure improvements; (b) funding the reserve fund in the amount of the required reserve of \$867,744; (c) funding capitalized interest; and (d) paying the costs of issuing the bonds. The Series 2022 Bonds were issued in the amount of \$10,355,000. The bonds bear interest at a rate of 5.125%, payable to the extent of pledged revenues available on each June 1 and December 1, and mature on December 1, 2051. The Series 2022 Bonds shall be deemed to be paid, satisfied, and discharged on December 2, 2057.

*Pledged revenues*

The Series 2022 Bonds are secured by and payable from the pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (a) the required mill levy; (b) the capital fees, if any; (c) the portion of the specific ownership tax which is collected as a result of imposition of the required mill levy; and (d) any other legally available monies which the District determines to be treated as pledged revenues. The Series 2022 Bonds are also secured by amounts held by the trustee in the reserve fund. Required mill levy means an ad valorem mill levy imposed upon all taxable property within the District each year in an amount sufficient to fund the bond fund for the relevant bond year and pay the bonds as they come due and to make up any deficiencies in the reserve fund. The mill levy is adjusted for changes in the ratio of actual value to assessed value of property within the District.

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**WESTGATE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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*Optional redemption*

The Series 2022 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on March 1, 2027 and on any date thereafter, upon payment of par, accrued interest, and a redemption premium on the principal amount redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
March 1, 2027, to February 29, 2028	3.00%
March 1, 2028, to February 28, 2029	2.00%
March 1, 2029, to February 28, 2030	1.00%
March 1, 2030, and thereafter	0.00%

*Events of default*

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture:

- a. The District fails or refuses to impose the required mill levy or to apply the pledged revenues.
- b. The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the bond resolution, and fails to remedy the same after notice thereof.
- c. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that, due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due does not, in itself, constitute an event of default under the indenture.

Upon the occurrence and continuance of an event of default, the trustee will have the following rights and remedies which may be pursued:

- a. Receivership - Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners, the trustee is entitled as a matter of right to the appointment of receiver or receivers of the trust estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitation inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the trustee will be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indenture to the trustee.
- b. Suit for judgment - The trustee may proceed to protect and enforce its rights and the rights of the owners by such suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.
- c. Mandamus or other suit - The owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

Notwithstanding the foregoing, acceleration will not be an available remedy for an event of default.

See independent auditor's report.

**WESTGATE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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The District's long-term obligations on the Series 2022 Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 530,694	\$ 530,694
2025	15,000	530,694	545,694
2026	55,000	529,925	584,925
2027	100,000	527,106	627,106
2028	125,000	521,981	646,981
2029 - 2033	830,000	2,501,256	3,331,256
2034 - 2038	1,335,000	2,239,881	3,574,881
2039 - 2043	1,975,000	1,835,519	3,810,519
2044 - 2048	2,840,000	1,246,400	4,086,400
2049 - 2051	3,080,000	365,157	3,445,157
Total	<u>\$ 10,355,000</u>	<u>\$ 10,828,613</u>	<u>\$ 21,183,613</u>

Developer advances

*Reimbursement agreement*

On April 1, 2018, the District entered into a reimbursement agreement with Powers and Airport, LLC ("Developer") under which the District will reimburse the Developer for formation costs, operations and maintenance expenses, and improvements at a simple interest rate set forth as paid on the initial bond offering, which is 5.125% based on the Series 2022 Bonds.

Debt authorization

As of December 31, 2023, the District's debt authorized, authorization used, and amounts authorized but unissued are as follows:

	<u>Electoral Authorization</u>	<u>Service Plan Authorization</u>
Amount authorized	\$ 175,000,000	\$ 25,000,000
Authorization used: Series 2022 Bonds	<u>(10,355,000)</u>	<u>(10,355,000)</u>
Authorized but unissued indebtedness	<u>\$ 164,645,000</u>	<u>\$ 14,645,000</u>

On November 5, 2013, the District's voters authorized the issuance of indebtedness at an interest rate not to exceed 18%. The service plan set the maximum mill levy at 30 mills.

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**WESTGATE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**6. NET POSITION**

The District has net position consisting of restricted and unrestricted.

Restricted net position includes balances with external restrictions 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 a restricted net position as of December 31, 2023 as follows:

Restricted net position:	
Debt service (Note 5)	\$ 1,693,436
Capital projects (Note 4.)	1,301,839
Emergency reserve (Note 9)	<u>1,200</u>
	<u>\$ 2,996,475</u>

The District has a deficit in unrestricted net position as of December 31, 2023. This deficit is primarily a result of costs associated with the issuance of bonds and debt service payments. The deficit is expected to be eliminated with the receipt of pledged revenues in the future.

**7. RELATED PARTIES**

The developer of the property within the District is Powers and Airport, LLC. The members of the board of directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District.

**8. RISK MANAGEMENT**

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

**9. TAX, SPENDING, AND DEBT LIMITATIONS**

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

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. On November 5, 2013, the District's voters approved a ballot issue allowing the District to retain all revenues.

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.

See independent auditor's report.

# WESTGATE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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District management believes the District 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 likely require judicial interpretation.

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See independent auditor's report.

## **SUPPLEMENTARY INFORMATION**

# WESTGATE METROPOLITAN DISTRICT

## DEBT SERVICE FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL) YEAR ENDED DECEMBER 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes	\$ 55,834	\$ 55,831	\$ (3)
Specific ownership taxes	3,908	5,838	1,930
Investment income	-	91,095	91,095
Total revenues	<u>59,742</u>	<u>152,764</u>	<u>93,022</u>
<b>EXPENDITURES</b>			
County Treasurer fees	838	837	1
Bond interest payments	530,694	530,694	-
Trustee fees	2,500	2,000	500
Total expenditures	<u>534,032</u>	<u>533,531</u>	<u>501</u>
Net change in fund balance	<u>\$ (474,290)</u>	<u>(380,767)</u>	<u>\$ 93,523</u>
Fund balance, beginning of year		<u>2,118,427</u>	
Fund balance, end of year		<u>\$ 1,737,660</u>	

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# WESTGATE METROPOLITAN DISTRICT

## CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL) YEAR ENDED DECEMBER 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Investment income	\$ 12,000	\$ 57,299	\$ 45,299
Total revenues	12,000	57,299	45,299
<b>EXPENDITURES</b>			
Engineering	-	1,000	(1,000)
Capital Outlay	3,132,411	-	3,132,411
Total expenditures	3,132,411	1,000	3,132,411
Net change in fund balance	<u>\$ (3,120,411)</u>	56,299	<u>\$ 3,177,710</u>
Fund balance, beginning of year		1,245,540	
Fund balance, end of year		<u>\$ 1,301,839</u>	

The accompanying notes and independent auditor's report  
should be read with these financial statements.