

THE GLEN METROPOLITAN DISTRICT NO. 1
—
FINANCIAL STATEMENTS
December 31, 2020

L. PAUL GOECKE P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
The Glen Metropolitan District No. 1

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of The Glen Metropolitan District No. 1 as of and for the year ended 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 an opinion on these financial statements based on our audits. We conducted our audits 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. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Glen Metropolitan District No. 1 as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 opinions on the basic financial statements are not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



L. Paul Goedecke, P.C.
May 7, 2021

THE GLEN METROPOLITAN DISTRICT NO. 1

**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
December 31, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS:					
Cash and investments	\$ 97,298	\$ -	\$ 97,298	\$ -	\$ 97,298
Cash and investments - restricted	2,500	162,752	165,252	-	165,252
Property taxes receivable			-	525,731	525,731
Due from Districts 2 and 3	-	-	-	347,106	347,106
Total assets	<u>99,798</u>	<u>162,752</u>	<u>262,550</u>	<u>872,837</u>	<u>1,135,387</u>
LIABILITIES:					
Accrued interest on bonds	-	-	-	15,114	15,114
Long-term liabilities:					
Oblig. under infrastructure and funding agreeemer	-	-	-	259,206	259,206
Accrued interest on Funding agreements	-	-	-	460,894	460,894
Due within one year	-	-	-	125,000	125,000
Due within more than one year	-	-	-	6,442,071	6,442,071
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,302,285</u>	<u>7,302,285</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	-	-	-	525,731	525,731
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>525,731</u>	<u>525,731</u>
FUND BALANCE/NET POSITION:					
Fund Balances:					
Restricted:					
Emergencies	2,500	-	2,500	(2,500)	-
Debt service	-	162,752	162,752	(162,752)	-
Unassigned	97,298	-	97,298	(97,298)	-
Total fund balances	<u>99,798</u>	<u>162,752</u>	<u>262,550</u>	<u>(262,550)</u>	<u>-</u>
Total liabilities, deferred inflows or resources and fund balance	<u>\$ 99,798</u>	<u>\$ 162,752</u>	<u>\$ 262,550</u>		
Net Position:					
Restricted for:					
Emergencies				2,500	2,500
Debt service				162,752	162,752
Unrestricted				(6,857,881)	(6,857,881)
Total net position				<u>\$ (6,692,629)</u>	<u>\$ (6,692,629)</u>

NOTE: The accompanying notes are an integral part of the financial statements

THE GLEN METROPOLITAN DISTRICT NO. 1

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Accounting and audit	\$ 4,000	\$ -	\$ 4,000	\$ -	\$ 4,000
Miscellaneous	301	-	301	-	301
Treasurer's fees	1,417	6,456	7,873	-	7,873
Bond principal	-	20,000	20,000	(20,000)	-
Bond interest expense	-	318,365	318,365	(10,643)	307,722
Interest on Funding agreement	-	-	-	17,496	17,496
Transfer to District No. 3	77,000	-	77,000	-	77,000
Paying agent fees	-	5,928	5,928	-	5,928
Total expenditures/expenses	<u>82,718</u>	<u>350,749</u>	<u>433,467</u>	<u>(13,147)</u>	<u>420,320</u>
GENERAL REVENUES					
Property taxes	94,435	430,206	524,641	-	524,641
Specific ownership taxes	10,327	47,045	57,372	-	57,372
Interest income	328	1,492	1,820	-	1,820
Total revenues	<u>105,090</u>	<u>478,743</u>	<u>583,833</u>	<u>-</u>	<u>583,833</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>22,372</u>	<u>127,994</u>	<u>150,366</u>	<u>13,147</u>	<u>163,513</u>
OTHER FINANCING SOURCES & USES					
Proceeds from bond issue		1,740,000	1,740,000	(1,740,000)	-
Payment to refunded bond escrow		(1,771,227)	(1,771,227)	1,771,227	-
Bond issuances costs		(264,998)	(264,998)		(264,998)
Loss on refunding				(66,229)	(66,229)
Transfer to/from other funds	(126,049)	126,049	-	-	-
NET OTHER FINANCING SOURCES & USES	<u>(126,049)</u>	<u>(170,176)</u>	<u>(296,225)</u>	<u>(35,002)</u>	<u>(331,227)</u>
NET CHANGES IN FUND BALANCES	(103,677)	(42,182)	(145,859)	145,859	
CHANGE IN NET POSITION				(167,714)	(167,714)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>203,475</u>	<u>204,934</u>	<u>408,409</u>	<u>(6,933,324)</u>	<u>(6,524,915)</u>
END OF YEAR	<u>\$ 99,798</u>	<u>\$ 162,752</u>	<u>\$ 262,550</u>	<u>\$ (6,955,179)</u>	<u>\$ (6,692,629)</u>

NOTE: The accompanying notes are an integral part of the financial statements

THE GLEN METROPOLITAN DISTRICT NO. 1

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL
Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 96,962	\$ 96,962	\$ 94,435	\$ (2,527)
Specific ownership taxes	10,500	10,500	10,327	(173)
Interest income	80	80	328	248
Total revenues	<u>107,572</u>	<u>107,542</u>	<u>105,090</u>	<u>(2,452)</u>
EXPENDITURES				
Accounting and audit	4,000	4,000	4,000	-
Professional fees	-	10,000	-	10,000
Miscellaneous	-	303	301	2
Treasurer's fees	1,454	1,454	1,417	37
Transfer to other district	45,000	77,000	77,000	-
Emergency reserve	3,226	3,226	-	3,226
Total expenditures	<u>53,680</u>	<u>95,983</u>	<u>82,718</u>	<u>13,265</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	53,892	11,559	22,372	10,813
OTHER FINANCING SOURCES (USES)				
Transfers in/(out)	-	(126,049)	(126,049)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(126,049)</u>	<u>(126,049)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	53,892	(114,490)	(103,677)	10,813
FUND BALANCE:				
BEGINNING OF YEAR	<u>249,657</u>	<u>203,475</u>	<u>203,475</u>	<u>-</u>
END OF YEAR	<u>\$ 303,549</u>	<u>\$ 88,985</u>	<u>\$ 99,798</u>	<u>\$ 10,813</u>

NOTE: The accompanying notes are an integral part of the financial statements.

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – DEFINITION OF REPORTING ENTITY

Definition of Reporting Entity

The Glen Metropolitan District No. 1 (The District), a quasi-municipal corporation, was organized on May 20, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado. The District was established for the purpose of acquiring, constructing and providing essential public infrastructure to support the needs of a new residential community (The Glen at Widefield). The District has been organized as one of three Districts. Pursuant to the Funding and Reimbursement Agreement (See Note 7), District No. 3 acts as the lead agency and as such receives all loan or advance proceeds and disburses funds on behalf of Districts No. 1 and No. 2. Each District is authorized to issue general obligation indebtedness or incur other forms of general obligation multiple fiscal year instruments in an amount not to exceed \$30 million. In connection with this general obligation debt, the Districts are limited to a 50-mill cap adjusted for changes in the state mandated assessment procedures (Gallagher amendment) with an additional 10 mill cap for operations.

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

The District follows the Governmental Accounting Standards Boards (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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Property taxes are recognized as revenues in the year for which they are levied and collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are 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 period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

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

Budgets

In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District’s Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District modified the appropriation of the Debt Service Fund from \$337,117 to \$2,386,974 and the General Fund from \$53,680 to \$222,032.

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a 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 and Equipment

Property and equipment are stated at cost except for those assets contributed which are stated at estimated fair market value at the date of contribution or at the Developer's cost. Depreciation on property that will remain assets of the District will be reported on the Statement of Activities as a current charge. No depreciation has been provided as the District intends to transfer all of its assets to local government for maintenance.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners who assess the property tax obligation of 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 at the taxpayers' election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Fund Balances

Beginning with fiscal year 2011 the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements, the following classifications describe the relative strength of the spending constraints.

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. 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 above criteria.

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.

Restricted Fund Balance

Emergency Reserves will be provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$ 2,500 has been restricted as of December 31, 2020.

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 - CASH AND INVESTMENTS

Cash and investments consisting of deposits with financial institutions as of December 31, 2020 are classified in the accompanying financial statement as follows:

Statement of net assets:

Cash in checking - unrestricted	\$ 97,298
Cash in checking and investments - restricted	165,252
	<u>\$ 262,550</u>

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

Deposits with Financial Institutions	\$ 99,798
Investments held in trust UMB	162,752
Total Cash and Investments	<u>\$ 262,550</u>

Cash Deposits

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.

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020, none of the District's bank balance of \$ 99,798 was exposed to custodial credit risk.

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM funds Governmental Select series) and money market funds (generally held by Bank Trust Departments in their role as Paying Agent or Trustee), and Colotrust, which record their investments at amortized cost.

Investments

Credit Risk

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

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

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government	Weighted Average	
Liquid Asset Trust (COLOTRUST)	Under 60 days	\$ 162,752
Total Investments		<u>\$ 162,752</u>

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 – RELATED PARTY TRANSACTIONS

Four of the five members of the District's Board of Directors are directors, owners, officers or employees of the District developer (Glen Development Co.) and/or Widefield Investment Group, LLC, or New Generation Homes Inc., affiliated companies.

NOTE 5 – RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. 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 GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5 – RISK MANAGEMENT (CONTINUED)

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.

NOTE 6 – TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 – TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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.

NOTE 7 – INFRASTRUCTURE ACQUISITION AGREEMENT AND FUNDING AND REIMBURSEMENT AGREEMENT

On July 11, 2017 The Glen Metropolitan Districts 1-3 entered into an Infrastructure Acquisition and Reimbursement Agreement (the “IARA Agreement”) with Glen Development Co. and New Generation Homes, Inc. to coordinate the financing, construction and operation and maintenance of Public Infrastructure in connection with the development within the boundaries of the Districts and to issue bonds or other financial obligations in order to fund Public Infrastructure. The Districts previously entered into an Amended and Restated Infrastructure Acquisition Agreement with New Generation Homes, Inc. dated as of December 13, 2006, as amended by the First Amendment to Amended and Restated Infrastructure Acquisition Agreement, dated March 12, 2016 (collectively, the "Prior Agreement").

New Generation Homes Inc. has completed certain infrastructure under the Prior Agreement and the costs have been certified and accepted by the Districts, as applicable. In conjunction with these developments, District No. 1 issued \$2.1 million of limited tax obligation bonds in 2011 and in 2016 issued \$3,135,000 in General Obligation Limited Tax Bonds, Series 2016 A and \$1,642,000 of Subordinate Taxable General Obligation Limited Tax Bonds, Series 2016 B. The foregoing bonds issued in 2011 and 2016 were issued to make reimbursements for certified costs under the Prior Agreement.

The IARA Agreement terminates the Prior Agreement and states that all payments for existing unreimbursed costs and additional public infrastructure are now governed by the IARA Agreement. In the IARA Agreement, the Districts, Glen Development Co., and New Generation Homes, Inc. acknowledge that the Districts have previously accepted existing unreimbursed costs in accordance with the Prior Agreement and that such costs are reimbursable to New Generation Homes, Inc. from the proceeds of the first series of bonds issued by any District subsequent to the date of the IARA Agreement.

In conjunction with the IARA Agreement, District Nos. 1-3 entered into an Amended and Restated Funding and Reimbursement with New Generation Homes, Inc. as of July 11, 2017 (“Funding and Reimbursement Agreement”), which supersedes and replaces the Funding and Reimbursement Agreement dated June 24, 2004, as amended on April 12, 2006, December 13, 2006, and March 12, 2016. The Funding and Reimbursement Agreement establishes the amount outstanding as of July 11, 2017 at \$259,206, which accrues interest at the prime rate specific in the Wall Street Journal plus 2% adjusted annually.

THE GLEN METROPOLITAN DISTRICT NO. 1

**NOTES TO FINANCIAL STATEMENTS
December 31, 2020**

NOTE 8 – LONG TERM DEBT

Following is a summary of the District’s outstanding Long-Term debt:

	Balance at 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
2011 General Obligation Bonds	\$ 1,705,000	\$ -	\$ 1,705,000	\$ 0	\$ 0
Obligation under funding and reimbursement	259,206	-	-	259,206	-
2020 General Obligation Limited tax refunding Bonds		1,740,000	-	1,740,000	110,000
2016A General Obligation bonds	3,070,000	-	20,000	3,050,000	15,000
Premium on 2016A bonds	140,474	-	5,403	135,071	-
2016B Subordinate Ltd Tax	<u>1,642,000</u>	<u>-</u>	<u>-</u>	<u>1,642,000</u>	<u>-</u>
Total Obligations	<u>\$ 6,897,083</u>	<u>\$ 1,740,000</u>	<u>\$ 1,730,403</u>	<u>\$ 6,826,277</u>	<u>\$ 125,000</u>
Accrued interest on agreements on Funding agreements	\$ 443,398	\$ 17,496	\$ -	\$ 460,894	\$ -

General Obligation Limited Tax Bonds, Series 2011

On January 18, 2011, the District issued \$2,100,000 of General Obligation Limited Tax Bonds, Series 2011 payable solely from and secured by an irrevocable pledge and lien on the pledged revenue consisting primarily of revenues to be derived from the limited tax levy as well as the Districts allocable share of specific ownership taxes. The Bonds are also secured by monies held in the reserve fund. The Bonds bear interest at a rate of 7% per annum, payable on June 1 and December 1. The Bonds mature December 1, 2035. The Bonds are subject to redemption prior to maturity on December 1, 2020 without redemption premium. The District has remaining \$12,900,000 of its original authorization of \$15,000,000. The 2011 bonds were refunded with the issue of the 2020 Refunding bonds.

THE GLEN METROPOLITAN DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 8 – LONG TERM DEBT (continued)

General Obligation Limited Tax Bonds, Series 2016A & 2016B Subordinate Taxable General Obligation Bonds.

On March 16, 2016, the District issued \$3,135,000 of General Obligation Limited Tax Bonds, Series 2016A and Subordinate Taxable General Obligation Limited Tax Bonds in the amount of \$1,642,000. The bonds are payable solely from and secured by an irrevocable pledge and lien on the pledged revenue consisting primarily of revenues to be derived from the limited tax levy as well as the Districts allocable share of specific ownership taxes. The 2016A bonds bear interest ranging from 2.5% to 4.5% rate payable on June 1st and December 1 commencing December 1, 2016 and maturing December 1, 2045. The subordinate taxable bonds bear interest at 7% and mature December 15, 2045.

On October 29, 2020, the District issued \$1,740,000 of General Obligation Limited Tax Refunding Bonds, Series 2020 payable solely from and secured by an irrevocable pledge and lien on the pledged revenue consisting primarily of revenues to be derived from the limited tax levy as well as the Districts allocable share of specific ownership taxes. The Bonds are also secured by monies held in the reserve fund. The Bonds bear interest at a rate of 2-2.5% per annum, payable on June 1 and December 1. The Bonds mature December 1, 2034. The Bonds are subject to redemption prior to maturity on December 1, 2021 without redemption premium.

The following is a summary of debt service payments to maturity for both the 2020 limited tax Refunding Bonds and the 2016 limited tax Bonds.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	125,000	181,375	306,375
2022	130,000	178,800	308,800
2023	130,000	176,125	306,125
2024	135,000	173,425	308,425
2025	135,000	170,625	305,625
2026-2030	725,000	808,163	1,533,163
2031-2035	845,000	670,738	1,515,738
2036-2040	1,150,000	464,088	1,614,088
2041-2045	1,415,000	196,650	1,611,650
	<u>\$ 4,790,000</u>	<u>\$ 3,019,989</u>	<u>\$ 7,809,989</u>

THE GLEN METROPOLITAN DISTRICT NO. 1

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 9 – RECONCILIATION OF *GOVERNMENT-WIDE* AND FUND FINANCIAL STATEMENTS

Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Due from Districts 2 and 3	\$ 347,106
Accrued interest on funding agreement	\$ 460,894
Accrued interest on bonds	\$ 15,114
Bonds payable	\$ 6,567,071
Obligations under infrastructure and funding agreement	\$ 259,206

Bond proceeds used in government activities are financial resources and therefore are reported in the funds as other financing sources. Bonds payable are reflected on the Statement of Net Position.

Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide statement of activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Interest	\$ (10,643)
Bond principal	\$ (20,000)
Interest on funding agreement	\$ 17,496
Proceeds from Bond Issue	\$ (1,740,000)
Payment to refunded bond escrow	\$ (1,771,227)
Loss on refunding	\$ (66,229)

Governmental funds report bond proceeds as other financing sources. However, this bond is reflected as a liability in the government-wide financial statements. Interest accrued is reflected as an expense in the Statement of Activities.

SUPPLEMENTAL INFORMATION

THE GLEN METROPOLITAN DISTRICT NO. 1

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 428,785	\$ 430,206	\$ 430,206	\$ -
Specific ownership taxes	44,000	47,045	47,045	-
Interest income	<u>250</u>	<u>1,492</u>	<u>1,492</u>	-
Total Revenues	<u>473,035</u>	<u>478,743</u>	<u>478,743</u>	-
EXPENDITURES				
Bond principal	80,000	20,000	20,000	-
Bond interest expense	244,225	318,365	318,365	-
Paying agent fees	5,800	5,928	5,928	-
Treasurer's fees	<u>7,092</u>	<u>6,456</u>	<u>6,456</u>	-
Total Expenditures	<u>337,117</u>	<u>350,749</u>	<u>350,749</u>	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	135,918	127,994	127,994	-
OTHER FINANCING SOURCES & USES				
Proceeds from bond issue	-	1,740,000	1,740,000	-
Payment to ref bond escrow	-	(1,771,227)	(1,771,227)	-
Bond issue costs	-	(264,998)	(264,998)	-
Transfer from other funds	<u>-</u>	<u>126,049</u>	<u>126,049</u>	-
NET OTHER FINANCING SOURCES & USES	<u>-</u>	<u>(170,176)</u>	<u>(170,176)</u>	-
NET CHANGES IN FUND BALANCE	135,918	(42,182)	(42,182)	-
FUND BALANCE:				
BEGINNING OF YEAR	<u>577,765</u>	<u>204,934</u>	<u>204,934</u>	-
END OF YEAR	<u>\$ 713,683</u>	<u>\$ 162,752</u>	<u>\$ 162,752</u>	<u>\$ -</u>

NOTE: The accompanying notes are an integral part of the financial statements.