

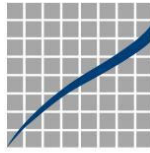
WESTERLY METROPOLITAN DISTRICT NO. 1
Weld County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

**WESTERLY METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2021**

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BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Westerly Metropolitan District No. 1
Erie, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Westerly Metropolitan District No. 1 ("District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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, 2021, the respective changes in financial position, and the budgetary comparison schedule for the general fund for the year then ended in accordance with the 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 this report. We are required to be independent of the Authority 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 opinion.

Responsibility 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 Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Authority'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 Authority'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 Matter

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 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 Authority'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.

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 information 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.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

BiggsKofford, P.C.

Colorado Springs, Colorado
July 28, 2022

BASIC FINANCIAL STATEMENTS

WESTERLY METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,917
Cash and Investments - Restricted	33
Due from Other Districts	2,187,328
Property Taxes Receivable	185
Capital Assets, Not Being Depreciated	9,674,794
Total Assets	11,864,257
LIABILITIES	
Accounts Payable	1,896,793
Retainage Payable	325,857
Due to Other Districts	28
Noncurrent Liabilities:	
Due in More Than One Year	63,083
Total Liabilities	2,285,761
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	185
Total Deferred Inflows of Resources	185
NET POSITION	
Unrestricted	9,578,311
Total Net Position	\$ 9,578,311

See accompanying Notes to Basic Financial Statements.

WESTERLY METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 94,148	\$ -	\$ 251	\$ -	\$ (93,897)
Public Works	-	-	-	9,674,794	9,674,794
Interest and Related Costs on Long-Term Debt	2,619	-	-	-	(2,619)
Total Governmental Activities	\$ 96,767	\$ -	\$ 251	\$ 9,674,794	9,578,278
GENERAL REVENUES					
Property Taxes					32
Specific Ownership Taxes					1
Total General Revenues					33
CHANGE IN NET POSITION					9,578,311
Net Position - Beginning of Year					-
NET POSITION - END OF YEAR					\$ 9,578,311

See accompanying Notes to Basic Financial Statements.

**WESTERLY METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Fund
ASSETS				
Cash and Investments	\$ 1,917	\$ -	\$ -	\$ 1,917
Cash and Investments - Restricted	5	28	-	33
Due from Other Districts	251	-	2,187,077	2,187,328
Property Taxes Receivable	185	-	-	185
	<u>\$ 2,358</u>	<u>\$ 28</u>	<u>\$ 2,187,077</u>	<u>\$ 2,189,463</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 35,573	\$ -	\$ 1,861,220	\$ 1,896,793
Retainage Payable	-	-	325,857	325,857
Due to Other Districts	-	28	-	28
Total Liabilities	<u>35,573</u>	<u>28</u>	<u>2,187,077</u>	<u>2,222,678</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes	185	-	-	185
Total Deferred Inflows of Resources	<u>185</u>	<u>-</u>	<u>-</u>	<u>185</u>
FUND BALANCES				
Unassigned:				
General Government	(33,400)	-	-	(33,400)
Total Fund Balances	<u>(33,400)</u>	<u>-</u>	<u>-</u>	<u>(33,400)</u>
	<u>\$ 2,358</u>	<u>\$ 28</u>	<u>\$ 2,187,077</u>	
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p> <p style="padding-left: 20px;">Capital Assets, Not Being Depreciated 9,674,794</p> <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p> <p style="padding-left: 20px;">Developer Advance Payable (60,492)</p> <p style="padding-left: 20px;">Accrued Interest on Developer Advance (2,591)</p> <p>Net Position of Governmental Activities <u>\$ 9,578,311</u></p>				

See accompanying Notes to Basic Financial Statements.

WESTERLY METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Debt Service	Capital Projects	Total Governmental Fund
REVENUES				
Property Taxes	\$ 5	\$ 27	\$ -	\$ 32
Specific Ownership Taxes	-	1	-	1
Transfer from District No. 2	115	-	-	115
Transfer from District No. 3	131	-	-	131
Transfer from District No. 4	5	-	9,674,794	9,674,799
Total Revenues	<u>256</u>	<u>28</u>	<u>9,674,794</u>	<u>9,675,078</u>
EXPENDITURES				
General:				
Accounting	40,624	-	-	40,624
Dues and Licenses	650	-	-	650
Legal Services	52,874	-	-	52,874
Transfer to District No. 4	-	28	-	28
Capital Projects:				
Capital Outlay	-	-	9,674,794	9,674,794
Total Expenditures	<u>94,148</u>	<u>28</u>	<u>9,674,794</u>	<u>9,768,970</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(93,892)	-	-	(93,892)
OTHER FINANCING SOURCES (USES)				
Developer Advance	60,492	-	3,486,096	3,546,588
Repay Developer Advance	-	-	(3,486,096)	(3,486,096)
Total Other Financing Sources (Uses)	<u>60,492</u>	<u>-</u>	<u>-</u>	<u>60,492</u>
NET CHANGE IN FUND BALANCES	(33,400)	-	-	(33,400)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (33,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,400)</u>

See accompanying Notes to Basic Financial Statements.

**WESTERLY METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (33,400)

Amounts reported for governmental activities in the statement of 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/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year 9,674,794

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 record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Developer Advances (3,546,588)
Repayment of Developer Advance 3,486,096

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 Developer Advance (2,591)

Change in Net Position of Governmental Activities \$ 9,578,311

**WESTERLY METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 5	\$ 5	\$ 5	\$ -
Transfer from District No. 2	124	124	115	(9)
Transfer from District No. 3	139	139	131	(8)
Transfer from District No. 4	5	5	5	-
Total Revenues	<u>273</u>	<u>273</u>	<u>256</u>	<u>(17)</u>
EXPENDITURES				
Accounting	20,000	50,000	40,624	9,376
Contingency	1,500	1,500	-	1,500
Dues and Licenses	500	650	650	-
Insurance	3,000	3,000	-	3,000
Legal	25,000	65,000	52,874	12,126
Total Expenditures	<u>50,000</u>	<u>120,150</u>	<u>94,148</u>	<u>26,002</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,727)	(119,877)	(93,892)	25,985
OTHER FINANCING SOURCES (USES)				
Developer Advance	55,000	63,161	60,492	(2,669)
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>63,161</u>	<u>60,492</u>	<u>(2,669)</u>
NET CHANGE IN FUND BALANCE	5,273	(56,716)	(33,400)	23,316
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 5,273</u>	<u>\$ (56,716)</u>	<u>\$ (33,400)</u>	<u>\$ 23,316</u>

See accompanying Notes to Basic Financial Statements.

WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Westerly Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the Weld County District Court on June 24, 2020 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town of Erie.

At a special election of the eligible electors of the District on May 5, 2020, a majority of those qualified to vote voted in favor of certain ballot questions authorizing the issuance of indebtedness and imposition of taxes for the payment thereof, for the purpose of providing financing for the design, acquisition, installation, construction and completion of certain public improvements and services. Westerly Metropolitan Districts No. 1-4 are expected to work together to provide for the acquisition, construction, and financing of the public improvements for the construction or acquisition of the infrastructure.

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.

WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Separate financial statements are provided for the 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 property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation 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.

WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

The District has amended its annual budget for the year ended December 31, 2021.

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, sale 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.

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.

WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

The General Fund reported a deficit in the fund financial statements as of December 31, 2021. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2022.

WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Unrestricted	\$ 1,917
Cash and Investments - Restricted	33
Total Cash and Investments	<u>\$ 1,950</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 1,917
Investments	33
Total Cash and Investments	<u>\$ 1,950</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, 2021, the District had a bank balance and carrying balance of \$1,917.

Investments

The District has adopted an investment policy by which it 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.

**WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 33</u>

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.

WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021
Governmental Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 9,674,794	\$ -	\$ 9,674,794
Total Capital Assets, Not Being Depreciated	\$ -	\$ 9,674,794	\$ -	\$ 9,674,794

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, 2021.

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Governmental Activities:					
Other Debts:					
Developer Advances:					
Operational	\$ -	\$ 60,492	\$ -	\$ 60,492	\$ -
Capital	-	3,486,096	3,486,096	-	-
Accrued interest on Developer Advances:					
Operational	-	2,591	-	2,591	-
Total	\$ -	\$ 3,549,179	\$ 3,486,096	\$ 63,083	\$ -

NOTE 6 NET POSITION

The District has net position consisting of one component – unrestricted.

NOTE 7 AGREEMENTS

District Coordinating Services Agreement (District Nos. 1-4)

Effective as of October 28, 2020, the Districts entered into a District Coordinating Services Agreement (the Coordinating Services Agreement) for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts, and costs related to the continued operation and maintenance of certain public improvements within such Districts. Pursuant to the Coordinating Services Agreement, District No. 1 was designated as the “coordinating district” (the Coordinating District). Districts No. 2-4 were each designated as “financing districts” (the Financing Districts).

WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 RELATED PARTIES

The property within the District is being developed by Erie Land, LLC (Developer). During 2021, all of the members of the Board of Directors were officers or employees of, or otherwise associated with the Developer, and may have conflicts of interest in matters involving the District.

Infrastructure Acquisition and Reimbursement Agreement

The District, District No. 1, and the Developer Erie Land Company entered into an Infrastructure Acquisition and Reimbursement Agreement, effective October 28, 2020. Pursuant to the agreement, the District and the Developer acknowledge that District No. 1 is authorized to construct, acquire and install public improvements, and other facilities and services that benefit the Property, subject to the limitations set forth in the Service Plan.

Pursuant to the agreement, it is acknowledged that the Developer has incurred certain costs related to public infrastructure for the benefit of the District, and may incur additional costs related thereto, and that the District agrees to reimburse the Developer for any and all costs of any kind related to the provision of the public improvements that may be lawfully funded by the District, after such costs are reviewed and certified by the District's Engineer and Accountant. To the extent that such certified District eligible costs remain outstanding, such amounts shall continue to be due and accrue simple interest at the rate of 6.5% per annum until they are paid in full or are included in the principal amount of reimbursement obligation with the Developer. As of December 31, 2021, there were no outstanding advances under this agreement.

Funding and Reimbursement Agreement

On October 28, 2020 the District entered into a Funding and Reimbursement Agreement with Erie Land Company to repay advances made by the Developer for operations and maintenance (O&M) costs.

The Developer agrees to loan to the District one or more sums of money, not to exceed the aggregate of \$50,000 per annum for three years, up to \$150,000. These funds shall be loaned to the District in one or a series of installments and shall be available to the District through December 31, 2022 (as the same may be amended pursuant to an annual review evidenced by supplement or amendment hereto, the "Loan Obligation Termination Date").

The District agreed to repay the Developer for such O&M advances plus accrued interest at the rate of 6.5%. As of December 31, 2021, outstanding advances under the agreement totaled \$60,492 and accrued interest totaled \$2,591.

NOTE 9 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.

WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 RISK MANAGEMENT (CONTINUED)

The District is a member of the Colorado Special Districts Property and Liability Pool (the 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.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATION

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.

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.

During the May 5, 2020 election, the District's voters allowed the District to collect and spend revenues without regard to any spending, revenue raising, or other limitations contained within TABOR.

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.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATION (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.

**WESTERLY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of December 31, 2021, the District had unexpended construction related contract commitments of approximately \$13,078,218.

SUPPLEMENTARY INFORMATION

**WESTERLY METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 28	\$ 27	\$ (1)
Specific Ownership Taxes	-	1	1
Total Revenues	<u>28</u>	<u>28</u>	<u>-</u>
EXPENDITURES			
Transfer to District No. 4	28	28	-
Total Expenditures	<u>28</u>	<u>28</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WESTERLY METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfers from District No. 4	\$ 29,720,217	\$ 9,674,794	\$ (20,045,423)
Total Revenues	<u>29,720,217</u>	<u>9,674,794</u>	<u>(20,045,423)</u>
EXPENDITURES			
Capital Outlay	29,720,217	9,674,794	20,045,423
Total Expenditures	<u>29,720,217</u>	<u>9,674,794</u>	<u>20,045,423</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	3,486,096	3,486,096
Repay Developer Advance	-	(3,486,096)	(3,486,096)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

WESTERLY METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2020	\$ 450	10.000	61.230	\$ 32	\$ 32	100%
2021	450	10.000	61.230	32	32	100%
Estimated for the Year Ending December 31,						
2022	\$ 2,590	10.000	61.230	\$ 185		