

**CITY CENTER WEST RESIDENTIAL
METROPOLITAN DISTRICT NO. 2
Weld County, Colorado**

BASIC FINANCIAL STATEMENTS

December 31, 2024

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
City Center West Residential Metropolitan District No. 2
Weld County, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of the City Center West Residential Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City Center West Residential Metropolitan District No. 2 as of December 31, 2024, and the respective changes in financial position, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City Center West Residential Metropolitan District No. 2 and to meet our 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 the 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the 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 of 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 of the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required budgetary information on page 17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary and Other 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 individual fund financial schedules as listed in the table of contents, are presented for purposes of additional analysis and are 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.

The individual fund schedules have 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

July 21, 2025

BASIC FINANCIAL STATEMENTS

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION

As of December 31, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 83,544
Cash and Investments - Restricted	1,061,331
Accounts Receivable	7,353
Property Taxes Receivable	879,090
Developer Advance Receivable	3,956
Due from Other Government	2,450
Prepaid Expenses	6,979
Capital Assets, Net of Accumulated Depreciation	<u>363,135</u>
TOTAL ASSETS	<u>2,407,838</u>
LIABILITIES	
Accounts Payable	35,880
Accrued Interest	1,530,650
Noncurrent Liabilities	
Due within One Year	15,000
Due in More Than One Year	<u>7,683,461</u>
TOTAL LIABILITIES	<u>9,264,991</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Property Taxes	<u>879,090</u>
NET POSITION	
Net Investment in Capital Assets	(9,229,111)
Restricted for	
Emergencies	8,700
Debt Service	1,054,331
Unrestricted	<u>429,837</u>
TOTAL NET POSITION	<u>\$ (7,736,243)</u>

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

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

	<u>Governmental Activities</u>
EXPENSES	
Governmental Activities	
General Government	\$ 311,488
Interest on Long-Term Debt	<u>573,115</u>
TOTAL EXPENSES	<u>884,603</u>
REVENUES	
GENERAL REVENUES	
Taxes	856,896
Service Fees - District No. 3	109,711
Investment Income	<u>48,351</u>
TOTAL REVENUES	<u>1,044,458</u>
CHANGE IN NET POSITION	159,855
NET POSITION, Beginning	<u>(7,896,098)</u>
NET POSITION, Ending	<u><u>\$ (7,736,243)</u></u>

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

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 83,544	\$ -	\$ -	\$ 83,544
Cash and Investments - Restricted	-	-	1,061,331	1,061,331
Accounts Receivable	7,353	-	-	7,353
Developer Advance Receivable	3,956	-	-	3,956
Due from Other Government	2,450	-	-	2,450
Prepaid Expenses	6,979	-	-	6,979
Property Taxes Receivable	146,275	-	732,815	879,090
TOTAL ASSETS	\$ 250,557	\$ -	\$ 1,794,146	\$ 2,044,703
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 28,880	-	\$ 7,000	\$ 35,880
TOTAL LIABILITIES	28,880	-	7,000	35,880
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenues - Property Taxes	146,275	-	732,815	879,090
FUND EQUITY				
Fund Balance				
Nonspendable	6,979	-	-	6,979
Restricted for Emergencies	8,700	-	-	8,700
Restricted for Debt Service	-	-	1,054,331	1,054,331
Unassigned	59,723	-	-	59,723
TOTAL FUND EQUITY	75,402	-	1,054,331	1,129,733
TOTAL LIABILITIES & FUND EQUITY	\$ 250,557	\$ -	\$ 1,794,146	

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

Capital assets, net of accumulated depreciation, used in the governmental activities are not financial resources and are excluded in the funds. 363,135

Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include bonds payable of \$7,000,000 and bond premium of \$161,597, developer advances \$536,864, and accrued interest \$1,530,650. (9,229,111)

Net position of governmental activities \$ (7,736,243)

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

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Property Taxes	\$ 139,920	\$ -	\$ 687,122	\$ 827,042
Specific Ownership Taxes	4,967	-	24,887	29,854
O&M Fees	109,711	-	-	109,711
Other Fees	29,500	-	-	29,500
Interest and Other Revenue	6,290	-	42,061	48,351
TOTAL REVENUES	290,388	-	754,070	1,044,458
EXPENDITURES				
Current				
Audit and Accounting Fees	33,199	-	-	33,199
District Management	27,840	-	-	27,840
Office, Dues and Other	18,088	-	-	18,088
Legal Fees	22,842	-	-	22,842
Utilities	40,140	-	-	40,140
Insurance	2,474	-	-	2,474
Lansdcaping	38,614	-	-	38,614
Repairs and Replacement	23,655	-	-	23,655
Other	44,451	-	-	44,451
Paying Agent Fees	-	-	7,000	7,000
County Treasurer Fees	2,099	-	10,308	12,407
Capital Outlay	-	4,760	-	4,760
Debt Service				
Principal	-	-	-	-
Interest and Other Fiscal Charges	-	-	207,500	207,500
TOTAL EXPENDITURES	253,402	4,760	224,808	482,970
EXCESS OF REVENUES OVER (UNDER) EXPENSES	36,986	(4,760)	529,262	561,488
OTHER SOURCES (USES)				
Proceeds from Developer Advances	-	4,760	-	4,760
TOTAL OTHER SOURCES (USES)	-	4,760	-	4,760
NET CHANGE IN FUND BALANCES	36,986	-	529,262	566,248
FUND BALANCES, Beginning	38,416	-	525,069	563,485
FUND BALANCES, Ending	\$ 75,402	\$ -	\$ 1,054,331	\$ 1,129,733

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

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 566,248
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the depreciation expense for the current year.	(45,392)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount includes the change in accrued interest (\$365,615), and amortization of bond premium \$9,374, and proceeds from developer advances (\$4760).	<u>(361,001)</u>
Change in Net Position of Governmental Activities	<u>\$ 159,855</u>

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

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City Center West Residential Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by order and decree of the District Court of Weld County in November 2007, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the City of Greeley (City), Weld County, Colorado. The District was established to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the public improvements in the most economic manner possible.

The accounting policies of the District conform to Generally Accepted Accounting Principles ("GAAP") as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the payment of the District's bonds.

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

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 the immediate operating requirement 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. Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include property and equipment, are reported in the 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 \$5,000 and an estimated useful life in excess of one year. The District also capitalizes all infrastructure costs. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type in the Statement of Net Position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While District management may have categorized and segmented portion for various purposes, the Districts Board of Directors (“Board”) has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District reported prepaid expenses as nonspendable as of December 31, 2024.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Balance Classification (Continued)

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the fund balances in the Debt Service Fund as restricted and Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2024.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15, District Management submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally adopted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board.
- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at December 31, 2024 consisted of the following:

Deposits	\$ 15,617
Investments	<u>1,129,258</u>
Total	<u>\$ 1,144,875</u>

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2024, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2024, the District had deposits with financial institutions with a carrying amount of \$15,617. The bank balances with the financial institutions were \$15,617. All of this amount was covered by federal depository insurance.

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pools

The District had invested \$43,789 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00.

Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District invested \$1,085,469 in a Money Market Mutual Fund. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair value of investments in money market funds is based on the published net asset values per share of those funds. Money market securities are valued using amortized cost, in accordance with Rule 2a-7 under the 1940 Act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by Prime Series and Government Series are categorized as Level 2.

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

Investments in the amount of \$1,061,331 are restricted in the Debt Service fund for payment of the District's debt.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2024 is summarized below:

	<u>Balances</u> <u>12/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/24</u>
Governmental Activities				
Capital Assets, depreciated				
Landscape and Irrigation	\$ <u>453,919</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>453,919</u>
Less Accumulated Depreciation				
Landscape and Irrigation	<u>45,392</u>	<u>45,392</u>	<u>-</u>	<u>90,784</u>
Capital Assets, Net	<u>\$ 408,527</u>	<u>\$ 45,392</u>	<u>\$ -</u>	<u>\$ 363,135</u>

Depreciation expense was charged to the General Government activity.

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2024:

	<u>Balance</u> <u>12/31/23</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/24</u>	<u>Due In</u> <u>One Year</u>
Series 2019A Bonds	\$ 4150,000	\$ -	\$ -	\$ 4,150,000	\$ 15,000
Series 2019B Bonds	2,850,000	-	-	2,850,000	-
Bond Premium	170,971		9,374	161,597	
Developer Advances	<u>532,104</u>	<u>4,760</u>	<u>-</u>	<u>536,864</u>	<u>536,864</u>
Totals	<u>\$ 10,580,376</u>	<u>\$ 4,760</u>	<u>\$ 9,374</u>	<u>\$ 7,698,461</u>	<u>\$ 551,864</u>

Limited Tax General Obligation Bonds Series 2019A and Series 2019B.

On December 17, 2019, the District issued Limited Tax General Obligation Bonds, Series 2019A and Subordinate Limited Tax General Obligation Bonds Series 2019B. The proceeds will be used by the District to finance public improvements with the District.

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

NOTE 5: LONG-TERM DEBT (Continued)

The bonds accrue interest at rates between 5.0% and 7.75%. These bonds mature on December 15, 2049.

The Series 2019A 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, no earlier than December 1, 2024. The bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2025 and on each December 1 thereafter. Payment of par and accrued interest amounts can be redeemed in accordance to the schedule found with the bond indenture.

The Series 2019B 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. The District may redeem no earlier than December 15, 2024. The bonds are not subject to mandatory redemption. The Series 2019B bonds are subordinate to the Series 2019A bonds and therefore payment of the Series 2019B bond principal and interest is made annually with funds remaining after payment of the Series 2019A bonds.

Developer Advances

Operation Funding Agreement

In December 2019, the District entered into a Funding and Reimbursement Agreement of Operations and Maintenance with CCW Development, LLC (the Developer), pursuant to which the Developer agreed to advance funds to cover anticipated revenue shortfalls for the years 2020 and thereafter, without outstanding amounts due under the agreement accruing interest at a rate of prime plus 2% per annum. Requests for advances or reimbursements are made on an annual basis with any extensions or renewals being considered at the time of budget review and approval of the District at its annual budget meeting.

Advance and Reimbursement Agreement (Capital Costs)

In December 2019, the District entered into an Advance and Reimbursement Agreement (Capital Costs) with the Developer pursuant to which the Developer agreed to advance funds in an amount not to exceed \$20,000,000, in one or more installments. Under the agreement, the funds are to be used exclusively for incurred costs in furtherance of the District's permitted purposes.

In addition, the Developer may agree to renew the obligation hereunder on an annual basis, in which case the obligation termination date shall be amended to no earlier than December 31 of the subsequent year.

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 5: LONG-TERM DEBT (Continued)

The agreement that advances accrue interest at a simple rate of 2% plus the current Federal Reserve Board Prime Rate from the date of each advance and any unpaid accrued interest will be added to the principal in the event that the advances are subsequently refunded by subordinate debt.

Advance and Reimbursement Agreement (Operations and Maintenance Costs)

In December 2019, the District entered into an Advance and Reimbursement Agreement (Operations and Maintenance Costs) with the Developer, pursuant to which the Developer agree to advance funds in an amount not the exceed \$500,000, in one or more installments. Under the agreement, the funds are to be used exclusively for administrative, operations and maintenance costs associated with public facilities within the District. In addition, the Developer may agree to renew its obligation hereunder on an annual basis, in which case the obligation termination date shall be amended to no earlier than December 31 of the subsequent year. The agreement prescribes that advances accrue interest at simple rate of 2% plus the current Federal Reserve Board Prime Rate from the date of each advance and any unpaid accrued interest will be added to the principal in the event that the advances are subsequently refunded by subordinate debt.

Facilities Acquisition Agreement

On November 20, 2019, the Facilities Acquisition Agreement (the Agreement) was entered into between the District and the Saunders Commercial Development Company, LLC. Under the terms of the agreement, the District agrees to acquire improvements completed by Saunders. Additionally, the District will reimburse Saunders for certified construction costs from these improvements, plus accrued interest, to the extent of available proceeds from bond issuances. The advances accrued interest at 8% per annum.

Future debt service requirements for the bonds are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 15,000	\$ 267,741	\$ 282,741
2026	60,000	579,538	639,538
2027	65,000	574,538	639,538
2028	70,000	582,389	652,389
2029	75,000	577,389	652,389
2030-2034	495,000	2,886,230	3,381,230
2035-2039	705,000	2,841,538	3,546,538
2040-2044	1,718,000	2,016,705	3,734,705
2045-2049	<u>3,797,000</u>	<u>875,308</u>	<u>4,672,308</u>
Total	<u>\$ 7,000,000</u>	<u>\$ 11,201,376</u>	<u>\$18,201,376</u>

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 5: LONG-TERM DEBT(Continued)

Authorized Debt

By election held on November 8, 2016, the District is authorized to issue debt up to \$270,000,000, however, the District Service Plan limits the issuance to \$20,000,000. All long-term debt is expected to be repaid by limited taxes imposed and collected for no longer than the maxim debt mill levy imposition term of residential properties and at a mill levy no higher than 50 mills. As of December 31, 2024, the District had \$13,000,000 remaining in authorized but unissued debt.

In the future, the District may issue a portion of all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. However, the amount and timing of any debt issuances, if any, are not determinable.

NOTE 6: RELATED PARTIES

All of the Board of Directors are employees, owners or otherwise associated with the Developer and may have conflicts of interest in dealing with the District. District management believes that all potential conflicts, if any, have been properly disclosed.

NOTE 7: 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 natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2024. 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 the past three years.

The District pays annual premiums to the Pool for liability, property, and public officials' 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 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.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tax Payer Bill of Rights (TABOR) Amendment

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an Emergency Reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2024, the Emergency Reserve of \$8,700 was recorded in the General Fund.

NOTE 9: DEFICIT NET POSITION

At December 31, 2024, the District reports a deficit net position in the amount of \$7,796,703. This deficit amount is the result of the District being responsible for the repayment of debt that was issued to refund debt and for public improvements which are conveyed to other governmental entities. The District expects to reduce the deficit net position as the debt is being repaid.

NOTE 10: SUBSEQUENT EVENTS

Potential subsequent events were considered through July 21, 2025. It was determined that the following event was required to be disclosed in the financial statements.

Bond Issuance

On July 30, 2025, the District is issuing \$7,000,000 Limited Tax General Obligation Refunding Bonds, Series 2025. The proceeds will be used to Refund the 2019 General Obligation Bonds.

REQUIRED SUPPLEMENTAL INFORMATION

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2024

	2024		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 137,216	\$ 139,920	\$ 2,704
Specific Ownership Taxes	8,233	4,967	(3,266)
O&M Fees	95,575	109,711	14,136
Other Fees	16,200	29,500	13,300
Interest and Other Income	100	6,290	6,190
TOTAL REVENUES	257,324	290,388	33,064
EXPENDITURES			
Current			
General Government			
Accountng and Auditing	41,700	33,199	8,501
District Management	51,000	27,840	23,160
Office, Dues abnd Other	11,779	18,088	(6,309)
Legal Fees	15,000	22,842	(7,842)
Utilities	25,250	40,140	(14,890)
Insurance	2,406	2,474	(68)
Lanscaping	81,976	38,614	43,362
Repairs and Replacement	13,500	23,655	(10,155)
Other	21,450	44,451	(23,001)
County Treasurer's Fee	2,058	2,099	(41)
TOTAL EXPENDITURES	266,119	253,402	12,717
NET CHANGE IN FUND BALANCE	(8,795)	36,986	45,781
FUND BALANCE, Beginning	22,540	38,416	38,416
FUND BALANCE, Ending	\$ 13,745	\$ 75,402	\$ 84,197

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2024

	2024		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Other Governmental Revenues	\$ 100,000	\$ -	\$ (100,000)
EXPENDITURES			
Current			
Capital Outlay	100,000	4,760	95,240
TOTAL EXPENDITURES	100,000	4,760	95,240
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(4,760)	(4,760)
OTHER FINANCING SOURCES (USES)			
Proceeds from Developer Advances	-	4,760	4,760
TOTAL OTHER FINANCING SOURCES (USES)	-	4,760	4,760
NET CHANGE IN FUND BALANCE	100,000	-	-
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	\$ 100,000	\$ -	\$ -

See the accompanying independent auditors' report.

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT NO. 2

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2024

	2024		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Property Taxes	\$ 687,455	\$ 687,122	\$ (333)
Specific Ownership Taxes	41,247	24,887	(16,360)
Interest and Other Revenues	10,000	42,061	32,061
TOTAL REVENUES	738,702	754,070	15,368
EXPENDITURES			
Current			
General Government			
Paying Agent Fees	-	7,000	(7,000)
Treasurer's Fees	21,249	10,308	10,941
Contingency	10,000	-	10,000
Debt Service			
Principal	-	-	-
Interest and Other Fiscal Charges	356,611	207,500	149,111
TOTAL EXPENDITURES	387,860	224,808	163,052
NET CHANGE IN FUND BALANCE	350,842	529,262	178,420
FUND BALANCE, Beginning	479,158	525,069	45,911
FUND BALANCE, Ending	\$ 830,000	\$ 1,054,331	\$ 224,331

See the accompanying independent auditors' report.