

CENTENNIAL 360 METROPOLITAN DISTRICT
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Centennial 360 Metropolitan District
City of Centennial, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Centennial 360 Metropolitan District (the District) as of and for the year ended December 31 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Centennial 360 Metropolitan District, as of December 31, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Centennial 360 Metropolitan District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Centennial 360 Metropolitan 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.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 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 Centennial 360 Metropolitan 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 Centennial 360 Metropolitan 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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Capital Projects Fund's budget to actual schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Capital Projects Fund's budget to actual schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rae & Co., CPAs, LLC

Timnath, Colorado
September 25, 2023

BASIC FINANCIAL STATEMENTS

CENTENNIAL 360 METROPOLITAN DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
December 31, 2022

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Assets
ASSETS					
Cash and investments	\$ 190,976	\$ -	\$ 190,976	\$ -	\$ 190,976
Cash with County Treasurer	246	-	246	-	246
Prepaid expenditures	5,496	-	5,496	-	5,496
Capital fees receivable	-	2,026,713	2,026,713	-	2,026,713
Capital assets, net	-	-	-	948,635	948,635
Total assets	<u>\$ 196,718</u>	<u>\$ 2,026,713</u>	<u>\$ 2,223,431</u>	<u>948,635</u>	<u>3,172,066</u>
LIABILITIES					
Accounts payable	\$ 42,938	\$ -	\$ 42,938	-	42,938
Accrued expenses	200	-	200	-	200
Unearned revenues	-	2,026,713	2,026,713	(2,026,713)	-
Loan payable:					
Due within one year	-	-	-	56,814	56,814
Due in more than one year	-	-	-	2,000,300	2,000,300
Total liabilities	<u>43,138</u>	<u>2,026,713</u>	<u>2,069,851</u>	<u>30,401</u>	<u>2,100,252</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	5,496	-	5,496	(5,496)	
Restricted for:					
Emergency reserves	40,283	-	40,283	(40,283)	
Unassigned	107,801	-	107,801	(107,801)	
Total fund balances	<u>153,580</u>	<u>-</u>	<u>153,580</u>	<u>(153,580)</u>	
Total liabilities and fund balances	<u>\$ 196,718</u>	<u>\$ 2,026,713</u>	<u>\$ 2,223,431</u>	<u>(2,223,431)</u>	
NET POSITION					
Net investment in capital assets				311,863	311,863
Restricted for:					
Emergency reserves				40,283	40,283
Unrestricted				719,668	719,668
Total net position				<u>\$ 1,071,814</u>	<u>\$ 1,071,814</u>

The notes are an integral part of these statements

CENTENNIAL 360 METROPOLITAN DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
EXPENDITURES AND EXPENSES					
Current:					
County Treasurer's fee	\$ 825	\$ -	\$ 825	\$ -	\$ 825
Directors fees and taxes	200	-	200	-	200
Accounting	16,315	-	16,315	-	16,315
District management	26,940	-	26,940	-	26,940
Insurance and bonds	5,024	-	5,024	-	5,024
Legal	11,129	-	11,129	-	11,129
Elections	972	-	972	-	972
Office and other	2,116	-	2,116	-	2,116
Landscape maintance	7,242	-	7,242	-	7,242
Snow removal	5,123	-	5,123	-	5,123
Utilities	2,220	-	2,220	-	2,220
Hardscapes maintenance	1,415	-	1,415	-	1,415
Repairs and maintenance	9,565	-	9,565	-	9,565
Depreciation	-	-	-	46,685	46,685
Payment on Developer Advances					
Principal	-	1,112,967	1,112,967	(1,112,967)	-
Interest	-	140,709	140,709	13,989	154,698
Total expenditures/expenses	<u>89,086</u>	<u>1,253,676</u>	<u>1,342,762</u>	<u>(1,052,293)</u>	<u>290,469</u>
PROGRAM REVENUES					
Charges for services					
Operations and maintenance costs reimbursed	50,449	-	50,449	-	50,449
Capital fees	-	1,253,676	1,253,676	(1,112,967)	140,709
Total charges for services	<u>50,449</u>	<u>1,253,676</u>	<u>1,304,125</u>	<u>(1,112,967)</u>	<u>191,158</u>
Net program expense				-	<u>(99,311)</u>
GENERAL REVENUES:					
Taxes:					
Property taxes	\$ 52,866	\$ -	\$ 52,866	\$ -	\$ 52,866
Specific Ownership tax	3,338	-	3,338	-	3,338
Investment earnings	5,170	-	5,170	-	5,170
Total general revenues	<u>61,374</u>	<u>-</u>	<u>61,374</u>	<u>-</u>	<u>61,374</u>
NET CHANGE IN FUND BALANCES	22,737	-	22,737	(22,737)	
CHANGE IN NET POSITION				(37,937)	(37,937)
FUND BALANCES /NET POSITION					
- BEGINNING OF YEAR	<u>130,843</u>	<u>-</u>	<u>130,843</u>	<u>-</u>	<u>1,109,751</u>
FUND BALANCES/NET POSITION - END					
- END OF YEAR	<u>\$ 153,580</u>	<u>\$ -</u>	<u>\$ 153,580</u>	<u>\$ -</u>	<u>\$ 1,071,814</u>

The notes are an integral part of these statements

CENTENNIAL 360 METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes:			
Property taxes	\$ 52,866	\$ 52,866	\$ -
Specific Ownership tax	3,701	3,338	(363)
Operations and maintenance costs reimbursed	50,449	50,449	0
Investment income	1,000	5,170	4,170
Total revenues	108,016	111,823	3,807
 EXPENDITURES			
Current:			
County Treasurer's fee	793	825	(32)
Directors fees and taxes	1,077	200	877
Accounting	16,315	16,315	-
District management	27,040	26,940	100
Insurance and bonds	4,775	5,024	(249)
Legal	8,000	11,129	(3,129)
Elections	1,000	972	28
Office and other	785	2,116	(1,331)
Landscape maintance	9,072	7,242	1,830
Snow removal	-	5,123	(5,123)
Utilities	2,650	2,220	430
Hardscapes maintenance	6,200	1,415	4,785
Engineering and professional services	650	-	650
Storm water facility maintenance	3,215	-	3,215
GIS mapping	100	-	100
Repairs and maintenance	21,000	9,565	11,435
Contingencies	5,000	-	5,000
Total expenditures	107,672	89,086	18,586
 NET CHANGE IN FUND BALANCES	 \$ 344	 22,737	 \$ 22,393
 FUND BALANCE - BEGINNING OF YEAR		 130,843	
 FUND BALANCE - END OF YEAR		 \$ 153,580	

The notes are an integral part of these statements

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Centennial 360 Metropolitan District (District) is a quasi-municipal corporation, was organized during 2010, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by the City of Centennial, Colorado, on December 7, 2009. The District's service area is located in Arapahoe County, Colorado. The District was formed to provide financing and constructions of public improvements consisting of streets, traffic and safety control improvements, street lighting, sidewalk improvements, sanitary sewer, storm sewer, water, parks and recreation, transportation, mosquito and pest control, television relay and translation, and security services and covenant enforcement. Certain of these improvements have been completed and donated to other governments.

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

Reporting Entity

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 the 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 impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. As required by generally accepted governmental accounting principles, the financial statements of the reporting entity include those of the District (the primary government) which has no component units. The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for state and local governments in the United States. The following is a summary of the more significant policies.

Government-wide and fund financial statements

The government-wide financial statements (i.e., statement of net position column and the statement of activities column) report information on all of the non-fiduciary activities of the District.

Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities. Governmental activities are normally supported by taxes, O & M cost which are reimbursed, capital fees, and investment earnings. Beginning in fiscal year 2023, the District will no longer impose a mill levy to support operations. As a result, with the exception of property taxes levied for prior years, the District will not collect property or specific ownership taxes in 2023.

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation
(Continued)

In the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities report all financial resources of the primary government. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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 requirements of a particular function or segment. For the year ended December 31, 2022, the District had program revenues in the form of charges for services. All revenues, such as taxes and investment earnings are reported as general revenues.

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

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities, the collection of capital fees and the repayment of Developer Advances related to capital projects.

Measurement focus, basis of accounting, and financial statement presentation

The statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities 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.

The governmental funds column on the governmental fund balance sheet/statement of net position and the statement of governmental revenues, expenditures, and changes in fund balance/statement of activities 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.

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation
(Continued)

Property taxes, specific ownership taxes, and investment earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Payments of debt service related to the Developer Advances are recognized when due.

Fund accounting

The accounts of the District are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows of resources, fund balance, revenues and expenditures. The various funds are summarized by type within the financial statements.

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses the balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments – Cash and investments are stated at fair value.

Fair Value Hierarchy 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 does not have an investment policy, but follows State statutes which allow the following investments:

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

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Receivables – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2022, all receivables are expected to be collected.

Capital Assets - Capital assets, which include property, equipment, infrastructure, and intangibles are reported in the Statement of Net Position. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Public Improvements are depreciated on a straight-line basis over their life of 30 years.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

At December 31, 2022 the District has no deferred outflows/inflows of resources.

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

Fund Balances – Fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2022, the District has \$5,496 in nonspendable fund balance related to prepaid expenses.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2022, the District has \$40,283 restricted for emergencies.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the District's Board of Directors (Board). The Board is the highest level of decision-making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2022, the District has no committed fund balance.

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes.

Unassigned – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Property taxes

Property taxes are levied by December 15, on assessed valuation as of December 10 of each year and attach as an enforceable lien on January 1 of the following year. Taxes are due in full by April 30, or in two installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges. In addition, delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November.

Property taxes are recognized in the year for which they are levied to support operations. As discussed above, the District will not impose a mill levy for property taxes in the 2023 fiscal year.

Revenues – Exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations.

Budgets

In accordance with the Colorado Budget Law, the Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The Board can modify the budget and appropriation resolutions upon completion of notification and publication requirements.

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

Prior to December 31, the budget is legally enacted 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 a fund must be approved by the Board. For the year ended December 31, 2022, the Board of Directors approved a supplemental appropriation totaling \$1,014,259 for the Capital Projects Fund.

Tax, spending, and debt limitations

In November, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government. On November 2, 2010, the District's voters approved the retention of all property taxes and all other District revenue in 2010 and annually thereafter without limitation under TABOR or other laws. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

The State Constitution also requires local governments to establish emergency reserves equal to at least 3% of fiscal year spending as defined in the amendment. These emergency reserves cannot be used to compensate for economic conditions, revenue shortfalls, or salary and benefit increases. As discussed above, the District has recorded \$40,283 of restricted net position for emergencies at December 31, 2022.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 totaled \$190,976.

Deposits

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. 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. At December 31, 2022, the carrying amount and bank balance of the District's deposits was \$190,976, all of which was covered by FDIC insurance.

NOTE 3 – NOTE RECEIVABLE

On December 22, 2011, the District entered into an agreement with Forestar Real Estate Group, Inc., involving property exclusions and payments in lieu of taxes (PILOT). During the year ended December 31, 2022, Forestar Real Estate Group, Inc. made principal payments totaling \$1,094,165 which paid the remaining balance on this Note.

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – NOTE RECEIVABLE

On July 27, 2021, the District also entered into an agreement with DBG DENVER, LLC, involving property exclusions and payments in lieu of taxes (PILOT). This agreement excludes certain properties from the District’s boundaries and collects no property taxes for those properties. Related to this agreement DBG, DENVER, LLC signed a note which requires quarterly payments with an annual interest rate of 6%. Payments under the note began during the fiscal year ended December 31, 2022. Amounts received are used to reduce the amount of Developer Advances discussed in Note 5 to these financial statements.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Governmental Activities				
Capital assets being depreciated:				
Infrastructure	\$ 1,400,511	\$ -	\$ -	\$ 1,400,511
Total capital assets, being depreciated	1,400,511	-	-	1,400,511
Less accumulated depreciation for:				
Infrastructure	(405,191)	(46,685)	-	(451,876)
Total accumulated depreciation	(405,191)	(46,685)	-	(451,876)
Total assets being depreciated, net	995,320	(46,685)	-	948,635
Governmental activities capital assets, net	\$ 995,320	\$ (46,685)	\$ -	\$ 948,635

NOTE 5 – LONG TERM DEBT

A summary of activity and changes in long term debt for the fiscal year ended December 31, 2022 is as follows:

	12/31/2021	Additions	Deletions	12/31/2022	Amounts due in one year
Direct Borrowings					
Developer Advances					
Facilities Funding					
Capital - Principal	\$ 3,139,680	\$ -	\$ (1,112,967)	\$ 2,026,713	\$ 26,413
Capital - Interest	16,412	30,401	(16,412)	30,401	30,401
Total debt	\$ 3,156,092	\$ 30,401	\$ (1,129,379)	\$ 2,057,114	\$ 56,814

Developer Advances

On February 15, 2012, the District entered into an Improvement Acquisition and Reimbursement Agreement (Funding Agreement) with the developer, Peakview Land, LLC. Under the Funding Agreement, the District agrees to purchase and acquire the public improvements, subject of the Infrastructure Agreement, subject to the satisfaction of certain terms and conditions set forth therein. Under the Funding Agreement, the District agrees to reimburse the Developer for its capital costs, subject to availability of the funds, together with interest at an annual rate of the prime rate plus 2%. The repayment of this Note is solely from the capital fees collected by the District.

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 – LONG TERM DEBT (CONTINUED)

The capital fees will be collected as payments on the Note Receivable described in Note 3 are received. The failure of the District to repay the Developer as the result of insufficient funds shall not constitute a default or result in the acceleration of principal or interest on the Note.

Annual debt service requirements for the Developer Advances are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 26,413	\$ 30,401	\$ 56,814
2024	28,034	30,304	58,338
2025	29,754	30,206	59,960
2026	31,580	30,106	61,686
2027	33,517	30,004	63,521
2028-2032	201,082	576,308	777,390
2033-2037	270,828	520,521	791,349
2038-2042	364,766	445,385	810,151
2043-2047	491,287	344,187	835,474
2048-2052	549,452	207,888	757,340
	<u>\$ 2,026,713</u>	<u>\$ 2,245,310</u>	<u>\$ 4,272,023</u>

NOTE 6 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government Funds Balance Sheet/Statement of Net Position includes adjustment column. The adjustments have the following elements:

	<u>Effect on Net Position</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 948,635
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,026,713
Long term liabilities such as Developer Advances and accrued interest payable are not due and payable in the current period, and therefore, are not in the funds.	(2,057,114)

The Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities includes an adjustment column. The adjustment has the following elements:

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 – RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

	Effect on Change in Net Position
Revenues in the Statement of Activities which do not provide current financial resources are not reported as revenues in the funds.	\$ (1,112,967)
Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.	
Payment of principal	1,112,967
Some expenses , such as interest are recorded as expenditures when due in the governmental funds. In the Statement of Activities interest expense is recorded when incurred.	(13,989)
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 net of depreciation expense. This is the amount of depreciation for the current period.	(46,685)

NOTE 7 - RELATED PARTIES

The members of the Board of Directors either own or are employees of the Developer, Peakview Land, LLC. During the year ended December 31. 2022, the District paid the Developer \$1,112,967 in capital advances principal and \$140,709 in capital advances interest. Of these amounts \$36,857 is recorded as accounts payable.

As required by Colorado statute, the Board members filed conflict of interest statements with the Secretary of State’s Office and announce potential conflicts of interest at the start of each Board meeting.

NOTE 8 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God.

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

CENTENNIAL 360 METROPOLITAN DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, public officials and 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 9 – AUTHORIZED BUT UNISSUED DEBT

At December 31, 2022, the District had the following authorized but unissued debt. The total debt allowed to be issued was \$16,240,000. The remaining authorized but unissued debt is \$12,921,288.

	<u>Total Authorized</u>	<u>Remaining at December 31, 2022</u>
Street improvements	\$ 16,240,000	\$ 16,240,000
Park and recreation	16,240,000	16,240,000
Water improvements	16,240,000	16,240,000
Sanitation system	16,240,000	16,240,000
Transportation	16,240,000	16,240,000
Safety protection	16,240,000	16,240,000
Fire protection	16,240,000	16,240,000
Television and relay and translation	16,240,000	16,240,000
Refunding bonds	32,480,000	32,480,000
District IGA	16,240,000	16,240,000
Reimbursement Agreements	16,240,000	12,921,288

SUPPLEMENTARY INFORMATION

CENTENNIAL 360 METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Capital fee	\$ 239,417	\$ 1,253,676	\$ 1,253,676	\$ -
Total revenues	<u>239,417</u>	<u>1,253,676</u>	<u>1,253,676</u>	<u>-</u>
EXPENDITURES				
Payment on Developer note				
Principal	-	1,112,967	1,112,967	<u>-</u>
Interest	<u>239,417</u>	<u>140,709</u>	<u>140,709</u>	<u>-</u>
Total expenditures	<u>239,417</u>	<u>1,253,676</u>	<u>1,253,676</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	