

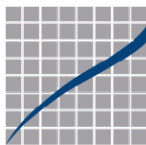
CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Central Marksheffel Metropolitan District

Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Central Marksheffel Metropolitan District ("District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2020, 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.

Other Matters

Required Supplementary Information

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

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 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 29, 2021

BASIC FINANCIAL STATEMENTS

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 2,095,631
Cash and investments - restricted	3,264,493
Accounts receivable - County Treasurer	11,523
Property taxes receivable	1,121,951
Reimbursement revenues receivable	100,000
Total assets	6,593,598
<u>LIABILITIES</u>	
Accounts payable	11,507
Accrued interest payable	25,389
Noncurrent liabilities:	
General obligation limited tax bonds:	
Due within one year	350,000
Due in more than one year	8,955,000
Total liabilities	9,341,896
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property tax revenues	1,121,951
Total deferred inflows of resources	1,121,951
<u>NET POSITION</u>	
Restricted for:	
Debt service	4,579,468
Emergency reserve	3,828
Unrestricted	(8,453,545)
Total net position	\$ (3,870,249)

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

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>	
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
General government	\$ 144,377	\$ -	\$ -	\$ -	\$ (144,377)
Reimbursement revenues	-	-	1,341,226	-	1,341,226
Impact fees	-	72,176	-	-	72,176
Interest and related costs on long-term debt	316,805	-	-	-	(316,805)
Total primary government	<u>\$ 461,182</u>	<u>\$ 72,176</u>	<u>\$ 1,341,226</u>	<u>\$ -</u>	<u>952,220</u>
GENERAL REVENUES					
Property taxes					1,343,163
Specific ownership taxes					147,861
Investment income					18,238
Total general revenues					<u>1,509,262</u>
Changes in net position					<u>2,461,482</u>
Net position, beginning of year					<u>(6,331,731)</u>
Net position, end of year					<u>\$ (3,870,249)</u>

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

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 764,870	\$ 1,330,761	\$ 2,095,631
Cash and investments - restricted	-	3,264,493	3,264,493
Accounts receivables - County Treasurer	1,920	9,603	11,523
Property taxes receivable	202,980	918,971	1,121,951
Total assets	\$ 969,770	\$ 5,523,828	6,493,598
<u>LIABILITIES</u>			
Accounts payable	\$ 11,507	\$ -	11,507
Total liabilities	11,507	-	11,507
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenues	202,980	918,971	1,121,951
Total deferred inflows of resources	202,980	918,971	1,121,951
<u>FUND BALANCE</u>			
Restricted for:			
Debt service	-	4,604,857	4,604,857
Emergency reserve	3,828	-	3,828
Unassigned:			
General government	751,455	-	751,455
Total fund balances	755,283	4,604,857	5,360,140
Total liabilities and fund balances	\$ 969,770	\$ 5,523,828	

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

Receivables not collected within 60 days of year end are not financial resources and, therefore, are not reported in the funds.

Reimbursement revenues receivable	100,000
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(9,305,000)
Accrued interest payable	(25,389)

Net position of governmental activities	\$ (3,870,249)
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The accompanying notes and independent auditor's report
should be read with these financial statements.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Property taxes	\$ 223,847	\$ 1,119,316	\$ 1,343,163
Specific ownership taxes	24,643	123,218	147,861
Impact fees	-	72,176	72,176
Reimbursement revenues	-	1,341,226	1,341,226
Net investment income	-	18,238	18,238
Total revenues	248,490	2,674,174	2,922,664
EXPENDITURES			
Current:			
Audit	8,256	-	8,256
Bank charges	2,789	-	2,789
Board of directors fees	1,500	-	1,500
County Treasurer's fees	3,359	16,795	20,154
Dues	651	-	651
Insurance	2,858	-	2,858
Landscaping and maintenance	8,401	-	8,401
Legal	18,565	-	18,565
Management fees	81,120	-	81,120
Postage	83	-	83
Debt service:			
Bond principal	-	1,340,000	1,340,000
Interest expense	-	319,206	319,206
Total expenditures	127,582	1,676,001	1,803,583
Net change in fund balances	120,908	998,173	1,119,081
Fund balances, beginning of year	634,375	3,606,684	4,241,059
Fund balances, end of year	\$ 755,283	\$ 4,604,857	\$ 5,360,140

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

**CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds	\$ 1,119,081
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt 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 report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is the treatment of long-term debt and related items as follows:

Bond principal payments	1,340,000
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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 payable - change in liability	2,401
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Changes in net position of governmental activities	\$ 2,461,482
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The accompanying notes and independent auditor's report
should be read with these financial statements.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 225,514	\$ 224,999	\$ 223,847	\$ (1,152)
Specific ownership taxes	15,786	22,656	24,643	1,987
Total revenues	241,300	247,655	248,490	835
EXPENDITURES				
Audit	8,250	8,256	8,256	-
Bank charges	100	50	2,789	(2,739)
Board of directors fees	1,500	1,500	1,500	-
Contingency	347,133	-	-	-
County Treasurer's fees	3,383	3,383	3,359	24
Dues	3,000	2,401	651	1,750
Insurance	3,200	3,200	2,858	342
Landscape replacement	30,000	-	-	-
Landscaping and maintenance	8,500	-	8,401	(8,401)
Legal	15,000	6,520	18,565	(12,045)
Management fees	81,120	81,120	81,120	-
Postage	300	86	83	3
Total expenditures	501,486	106,516	127,582	(21,066)
Net change in fund balance	\$ (260,186)	\$ 141,139	120,908	\$ (20,231)
Fund balance, beginning of year			634,375	
Fund balance, end of year			\$ 755,283	

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

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. DEFINITION OF REPORTING ENTITY

Central Marksheffel Metropolitan District ("District"), a quasi-municipal corporation and political subdivision of the state of Colorado, was formed on December 4, 2002, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in El Paso County, Colorado ("County"). The District was organized to construct public improvements including road and bridge improvements, landscaping, sanitary and storm sewer, water systems, park and recreation, channel and other drainage improvements needed for the area.

The District follows 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 and 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 operational and administrative functions are contracted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities plus deferred inflows of resources of the District is reported as net position.

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 instead 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 position

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

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.

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

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with state budget law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditures, fund balance remaining and other financing uses level and lapses at year-end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2020.

The District incurred expenditures in excess of appropriations for the year ended December 31, 2020 in the general fund, which may be a violation of local government budget law. The District has indicated that it plans to amend the budget further.

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

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

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows of resources

In addition to liabilities, the statement of financial 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 (revenues) until that time. Accordingly, the item deferred property tax revenues is deferred and recognized as an inflow of resources in the period that the amounts become available.

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 are reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: 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 is 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.

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (continued)

Fund balance (continued)

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 policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 2,095,631
Cash and investments - restricted	<u>3,264,493</u>
	<u><u>\$ 5,360,124</u></u>

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

Deposits with financial institutions	\$ 2,095,631
Investments	<u>3,264,493</u>
	<u><u>\$ 5,360,124</u></u>

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. CASH AND INVESTMENTS (CONTINUED)

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2020, the District's cash deposits had a bank balance of \$2,097,574 and a book balance of \$2,095,631.

Investments

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

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

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

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>
Fidelity Investments Money Market Government Portfolio - Class I	Less than 1 year	<u>\$ 3,264,493</u>

The Fidelity Investments Money Market Government Portfolio - Class I is a money market fund that is managed by Federated Investors and each share is equal in value to \$1. The fund is rated AAm and invests in high quality short-term US government securities. The average maturity of the underlying securities is 90 days or less.

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of the District during the year ended December 31, 2020:

	Balance 01/01/20	Additions	Repayments	Balance 12/31/20	Due within one year
2014A Series	\$ 9,645,000	\$ -	\$ 340,000	\$ 9,305,000	\$ 350,000
2014B Series	1,000,000	-	1,000,000	-	-
	<u>\$ 10,645,000</u>	<u>\$ -</u>	<u>\$ 1,340,000</u>	<u>\$ 9,305,000</u>	<u>\$ 350,000</u>

During 2014, the District issued bonds to repay the 2004 Series Bonds, all remaining developer advances, and costs of providing certain public improvements for the District. The bonds were issued in two separate issuances: Series 2014A and Series 2014B Bonds for a combined amount of \$12,230,000. The interest rate on the 2014A Bonds is 2.94% per annum and the rate on the Series 2014B Bonds is 3.11% per annum. Interest on the 2014A Bonds and 2014B Bonds is payable to the bondholders semi-annually on each June 1 and December 1, commencing December 1, 2014. The Series 2014A Bonds and Series 2014B Bonds mature on September 3, 2024 and are subject to mandatory sinking fund redemption prior to the maturity date. The bonds are also subject to optional redemption at the discretion of the District. The Series 2014B Bonds were paid in full, ahead of scheduled payments, during the year ended December 31, 2020.

The bonds are secured by and payable from the pledged revenues consisting of monies derived by the District from the following sources, net of any collection costs: (1) the required mill levy, (2) the portion of the specific ownership taxes which are collected as a result of the imposition of the required mill levy, and (3) any other legally available monies which the District determines to be treated as pledged revenues. The bonds are also secured by amounts held by the trustee in the reserve fund. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable and to make up any deficiencies in the reserve fund. The maximum required mill levy is 30.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. For collection year 2020, the District levied 5.527 mills for the general fund and 27.637 mills for the debt service fund.

The District is required, pursuant to the bond agreements, to maintain project, surplus, loan payment, and reserve cash accounts. The District is in compliance with the requirements as of December 31, 2020.

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LONG-TERM OBLIGATIONS (CONTINUED)

The District's long-term obligation on the 2014A Series will mature as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	350,000	304,667	654,667
2022	365,000	294,377	659,377
2023	380,000	283,646	663,646
2024	<u>8,210,000</u>	<u>199,869</u>	<u>8,409,869</u>
Total	<u>\$ 9,305,000</u>	<u>\$ 1,082,559</u>	<u>\$ 10,387,559</u>

5. NET POSITION

The District has a net position consisting of two components - restricted and unrestricted.

Restricted positions include net position that are subject to restrictions for use either by external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020 as follows:

Restricted net position:

Emergencies (Note 9)	\$ 3,828
Debt service (Note 4)	<u>4,579,468</u>
	<u>\$ 4,583,296</u>

The District's unrestricted net position as of December 31, 2020 totaled a deficit of \$8,453,545. This deficit amount was a result of the District being responsible for the repayment of general obligation bonds. These bonds were issued to refinance prior debt and to fund the costs of providing certain public improvements for the District. These improvements were contributed to the County upon completion.

6. RELATED PARTIES

Some members of the board of directors are officers, employees or associated with the developers of the property within the District and may have conflicts of interest in dealing with the District.

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. INTERGOVERNMENTAL AGREEMENT

Transportation Impact Fee and Public Improvement Agreement

In June of 2004, the District entered into a Transportation Impact Fee and Public Improvement Agreement with the County for the purpose of the District securing fair and equitable participation in the Marksheffel improvements from out-of-District properties identified within the area serviced by the improvements. The first amendment to this agreement established a credit for the District within County's Road Impact Fee Program for regional road improvements previously built and to apply such credits first to the property within the District, and establish a reimbursable amount for the balance of the credit to be reimbursed by the County and paid to the District over time. Under the second amendment to this agreement, the District is entitled to the greater of (1) 50% of each fee program funds disbursement made or (2) \$100,000.

8. RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

9. TAX, SPENDING AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue. The District's voters approved a ballot issue allowing the District to retain all revenues.

See independent auditor's report.

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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.

District management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property taxes	\$ 1,133,620	\$ 1,134,092	\$ 1,119,316	\$ (14,776)
Specific ownership taxes	79,353	81,000	123,218	42,218
Impact fees	234,448	85,000	72,176	(12,824)
Reimbursement revenues	100,000	1,275,000	1,341,226	66,226
Bridge fees	-	1,175,000	-	(1,175,000)
Net investment income	24,000	17,000	18,238	1,238
Total revenues	1,571,421	3,767,092	2,674,174	(1,092,918)
<u>EXPENDITURES</u>				
Current:				
Bank charges	5,500	5,000	-	5,000
County Treasurer's fees	17,004	17,004	16,795	209
Contingency	6,000	-	-	-
Debt service:				
Bond principal	340,000	1,340,000	1,340,000	-
Interest expense	314,663	314,636	319,206	(4,570)
Total expenditures	683,167	1,676,640	1,676,001	639
Excess of revenues over (under) expenditures	888,254	2,090,452	998,173	(1,092,279)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out) of other funds	(2,500)	-	-	-
Total other financing sources (uses)	(2,500)	-	-	-
Net change in fund balance	\$ 885,754	\$ 2,090,452	998,173	\$ (1,092,279)
Fund balance, beginning of year			3,606,684	
Fund balance, end of year			\$ 4,604,857	

See independent auditor's report.