

**DINOSAUR RIDGE METROPOLITAN DISTRICT**  
City of Golden, Colorado

**FINANCIAL STATEMENTS**  
December 31, 2016



**RECEIVED**

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Dazzio & Associates, PC

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Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Dinosaur Ridge Metropolitan District  
City of Golden, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Dinosaur Ridge Metropolitan District as of and for the year December 31, 2016, 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.

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## 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 Dinosaur Ridge Metropolitan District, as of December 31, 2016, and the respective changes in financial position and the 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 the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is 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 Dinosaur Ridge Metropolitan District's basic financial statements. The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, for the Debt Service and Capital Projects Funds (the Supplementary Information) and the Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected (the Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Duggio & Associates, P.C.*

October 13, 2017

## **BASIC FINANCIAL STATEMENTS**

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 10,233
Cash - Restricted	13,141
Receivable from County Treasurer	130
Property taxes receivable	16,862
Capital assets - construction in progress	<u>7,022,008</u>
Total assets	<u>7,062,374</u>
<b>LIABILITIES</b>	
Accounts payable	18,076
Accrued interest payable	8,033
Noncurrent liabilities	
Due in more than one year	<u>9,539,771</u>
Total liabilities	<u>9,565,880</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	<u>16,862</u>
Total deferred inflows of resources	<u>16,862</u>
<b>NET POSITION</b>	
Restricted for:	
Emergency reserves	300
Debt service	4,886
Unrestricted	<u>(2,525,554)</u>
Total net position	<u><u>\$ (2,520,368)</u></u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Government activities:					
General government	\$ 49,827	\$ -	\$ -	\$ -	\$ (49,827)
Interest and related costs on long-term debt	361,103	-	-	-	(361,103)
	<u>\$ 410,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(410,930)</u>
General revenues:					
Property taxes					19,004
Specific ownership taxes					1,573
Net investment income					1,140
Total general revenues					<u>21,717</u>
Change in net position					(389,213)
Net position - Beginning					<u>(2,131,155)</u>
Net position - Ending					<u>\$ (2,520,368)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash	\$ 10,233	\$ -	\$ -	\$ 10,233
Cash - Restricted	300	12,841	-	13,141
Receivable from County Treasurer	52	78	-	130
Property taxes receivable	6,745	10,117	-	16,862
Total assets	\$ 17,330	\$ 23,036	\$ -	\$ 40,366
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Accounts payable	\$ 16,693	\$ -	\$ 1,383	\$ 18,076
Total liabilities	16,693	-	1,383	18,076
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	6,745	10,117	-	16,862
Total deferred inflows of resources	6,745	10,117	-	16,862
<b>FUND BALANCES</b>				
Restricted for:				
Emergency reserves	300	-	-	300
Debt service	-	12,919	-	12,919
Unassigned	(6,408)	-	(1,383)	(7,791)
Total fund balances	(6,108)	12,919	(1,383)	5,428
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 17,330</b>	<b>\$ 23,036</b>	<b>\$ -</b>	

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

Capital assets are reported as assets on the Statement of Net Position but are recorded as expenditures in the funds	
Capital assets	7,022,008
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	(2,295,000)
Accrued interest on bonds payable	(8,033)
Developer advances payable	(4,868,609)
Accrued interest on Developer advances	(2,200,327)
Promissory Notes	(110,334)
Accrued interest on Promissory Notes	(65,501)
	<b>\$ (2,520,368)</b>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**DINOSAUR RIDGE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 7,602	\$ 11,402	\$ -	\$ 19,004
Specific ownership taxes	629	944	-	1,573
Net investment income	456	684	-	1,140
Total revenues	<u>8,687</u>	<u>13,030</u>	<u>-</u>	<u>21,717</u>
<b>EXPENDITURES</b>				
General and administration				
Accounting	5,332	-	-	5,332
County Treasurer's fees	121	181	-	302
District management	5,016	-	-	5,016
Legal	39,243	-	-	39,243
Miscellaneous	115	-	-	115
Debt service				
Promissory Notes	-	13,000	-	13,000
Capital outlay	-	-	3,748,871	3,748,871
Bond issue costs	-	-	31,181	31,181
Total expenditures	<u>49,827</u>	<u>13,181</u>	<u>3,780,052</u>	<u>3,843,060</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(41,140)</u>	<u>(151)</u>	<u>(3,780,052)</u>	<u>(3,821,343)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	2,295,000	2,295,000
Developer advance	88,593	-	3,778,669	3,867,262
Repay Developer advances	-	-	(2,295,000)	(2,295,000)
Total other financing sources (uses)	<u>88,593</u>	<u>-</u>	<u>3,778,669</u>	<u>3,867,262</u>
<b>NET CHANGE IN FUND BALANCES</b>	47,453	(151)	(1,383)	45,919
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>(53,561)</u>	<u>13,070</u>	<u>-</u>	<u>(40,491)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (6,108)</u>	<u>\$ 12,919</u>	<u>\$ (1,383)</u>	<u>\$ 5,428</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

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

Net changes in fund balances - Total governmental funds	\$	45,919
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Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciation.

Capital outlay		3,748,871
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Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond issuance		(2,295,000)
Developer advances		(3,867,262)
Repayment of developer advance		2,295,000
Repayment of promissory notes		13,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on Developer advances - Change in liability		(321,708)
Accrued interest on bonds - Change in liability		(8,033)

Change in net position of governmental activities	<u>\$</u>	<u>(389,213)</u>
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
December 31, 2016**

	Budget Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 7,842	\$ 7,842	\$ 7,602	\$ (240)
Specific ownership taxes	549	623	629	6
Net investment income	-	-	456	456
Total revenues	<u>8,391</u>	<u>8,465</u>	<u>8,687</u>	<u>222</u>
<b>EXPENDITURES</b>				
General and administration				
Accounting	5,000	5,000	5,332	(332)
County Treasurer's fees	120	118	121	(3)
District management	5,000	5,000	5,016	(16)
Insurance	3,000	-	-	-
Legal	6,000	29,000	39,243	(10,243)
Miscellaneous	4,880	15,882	115	15,767
Total expenditures	<u>24,000</u>	<u>55,000</u>	<u>49,827</u>	<u>5,173</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(15,609)</u>	<u>(46,535)</u>	<u>(41,140)</u>	<u>5,395</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer advance	74,492	100,397	88,593	(11,804)
Total other financing sources (uses)	<u>74,492</u>	<u>100,397</u>	<u>88,593</u>	<u>(11,804)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	58,883	53,862	47,453	(6,409)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>(57,783)</u>	<u>(53,562)</u>	<u>(53,561)</u>	<u>1</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,100</u>	<u>\$ 300</u>	<u>\$ (6,108)</u>	<u>\$ (6,408)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**DINOSAUR RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Dinosaur Ridge Metropolitan District (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 Jefferson County on December 2, 2008, and is governed pursuant to the provisions of the Special District Act, Title 32, Article I, Colorado Revised Statutes. The District operates under a Service Plan approved by the City of Golden, Colorado on September 11, 2008. The District's service area is located in Golden, Colorado. The District has the power and authority to provide certain public improvements within and without the boundaries of the District as such power and authority to provide certain public improvements within and without the boundaries of the District as such power and authority is described in the Special District Act, including, but not limited to, the financing, design, acquisition, installation and construction of streets, solid waste collection and transportation, water, sewer and sanitation, and transportation facilities and improvements for the use and benefit of the inhabitants and taxpayers of the District. The District was also established to provide ongoing operations and maintenance for certain public improvements. The District is governed by an elected Board of Directors.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-wide and Fund Financial Statements**

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

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

**DINOSAUR RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The statement of activities demonstrates the degree to which the direct 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 governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

**DINOSAUR RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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

The District has amended its annual budget for the year ended December 31, 2016.

The District exceeded its annual budget in the Capital Projects Fund. This may be a violation of local budget law.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**DINOSAUR RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflow of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are 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 should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**Deficit Fund Balance**

The General Fund and Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2016. The deficit will be eliminated with the receipt of future property taxes and a developer advance.

**NOTE 3 - CASH**

Cash as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash	\$ 10,233
Cash – Restricted	<u>13,141</u>
Total cash and investments	<u>\$ 23,374</u>

**Deposits with Financial Institutions**

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

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

At December 31, 2016, the District had a bank balance and a carrying balance of \$23,374.

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2016, follows:

	<u>Balance at January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2016</u>
<b>Governmental Type Activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 3,273,137	\$3,748,871	\$ -	\$ 7,022,008
Total capital assets, not being depreciated	<u>\$ 3,273,137</u>	<u>\$3,748,871</u>	<u>\$ -</u>	<u>\$ 7,022,008</u>

Upon completion and acceptance, certain fixed assets will be conveyed to other local governments.

**NOTE 5 - LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations for the year ended December 31, 2016:

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Retirement of Long-Term Obligations</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
Series 2016 Bonds	\$ -	\$ 2,295,000	\$ -	\$ 2,295,000	\$ -
Promissory Notes	123,334	-	13,000	110,334	-
Developer advances - Operating	20,000	88,593	-	108,593	
Developer advances - Capital	3,276,347	3,778,669	2,295,000	4,760,016	
Accrued interest					
Promissory Notes	56,411	9,090		65,501	
Developer advances - Operating	39	2,051	-	2,090	-
Developer advances - Capital	1,887,670	310,567	-	2,198,237	
	<u>\$ 5,363,801</u>	<u>\$ 6,483,970</u>	<u>\$ 2,308,000</u>	<u>\$ 9,539,771</u>	<u>\$ -</u>

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Promissory Notes**

In 2010, the District issued four promissory notes totaling \$146,334 at 8% interest to various consultants for amounts due and owing from prior years. Payments are to be made from available funds and subject to annual appropriation. The District has since paid off one of the promissory notes and the remaining balance was \$110,334 for principal and \$65,501 for interest as of December 31, 2016.

**Series 2016 Bonds**

On December 7, 2016, the District issued \$2,295,000 in Property Tax Increment Revenue Bonds ("Series 2016 Bonds") that mature on December 31, 2032 and accrue interest at a rate of 5.25% per annum. The Series 2016 Bonds are payable from certain revenue pledged to the District by the Golden Urban Renewal Authority pursuant to a Public Finance and Redevelopment Agreement dated October 13, 2014, subsequently by Amended and Restated on January 21, 2017, by and among the District, Golden Urban Renewal Authority and Gateway Land Investment, LLC. At this time, the schedule of repayments on the Series 2016 Bonds is unknown and will be made when cash flow is available.

**Developer advances**

The District has entered into Funding and Reimbursement Agreement(s) and Operation Funding Agreement(s) with the Developer as follows:

**Facilities Funding and Acquisition Agreement**

The District and Gateway Village LLC ("Original Developer") entered into a Facilities and Funding Agreement on December 8, 2008 ("Prior Agreement") in order to reimburse the Original Developer for advances made for the construction of certain public improvements for use by the District ("Prior Advances"). The District and the Original Developer terminated the Prior Agreement on November 20, 2013. The District and Gateway Land Investment, LLC (the "Developer") entered into a Facilities and Funding Agreement on November 22, 2013 ("Agreement"), which acknowledged that in consideration for Developer entering into the Agreement, the Prior Advances made by the Original Developer would be reimbursed to the Developer. In the Agreement, the Developer agrees to advance funds related to the design, testing, engineering, and construction of certain public improvements ("Developer Advances") including onsite roads, retaining walls, monument signage, traffic signals, drainage improvements and other facilities and services as generally described in the Service Plan (together with any other public improvements to be acquired by the District, the "Improvements"). The District agrees to reimburse the Developer upon the District's issuance of bonds in an amount sufficient for reimbursement of all or a portion of the Developer advances, Prior Advances and verification of costs for construction related expenses ("Verified Costs"), plus simple interest that shall accrue at 8% per annum. In addition, the District agrees to utilize any available moneys not otherwise pledged to payment of bonds, used for operation and maintenance expenses, or otherwise encumbered, to reimburse the Developer. The Agreement evidences the District's intent to reimburse the Developer, but does not constitute a debt or indebtedness of the District, nor does it constitute a multiple fiscal year financial obligation, and the making of any reimbursement to the Developer shall be subject at all times to annual appropriation by the District.

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Operation Funding Agreement**

The District and the Developer entered into a 2017 Operation Funding Agreement on October 26, 2016, with an effective date of January 1, 2017 ("2017 OFA"). The 2017 OFA acknowledges that, in order for Improvements to be constructed and/or acquired by the District, it is necessary for the District to be able to pay for its ongoing operations and maintenance expenses which enable it to provide certain services to benefit properties within its boundaries ("District Services"). In order to enable the District to provide District Services, the Developer agrees to advance funds to the District or to pay consultants directly for operations and maintenance expenses on a periodic basis as needed for fiscal year 2017, up to the shortfall in revenues available for operations and maintenance expenses the District anticipates to be incurred for fiscal year 2017 ("Shortfall Amount"). The District anticipates a shortfall amount of \$23,000. Should the District require additional advances above the Shortfall Amount, the District will request such advances from the Developer in writing. The District agrees that it is its intention to repay the amounts the Developer has advanced or directly paid pursuant to the 2017 OFA, to the extent the District has funds available from the imposition of taxes, fees, rates, tools, penalties and charges, and from other revenue legally available, after the payment of its annual debt service obligations and annual operation and maintenance expenses. Such repayment to the Developer shall be made on December 2 of each year, subject to annual budget and appropriation. Simple interest shall accrue from the date of deposit of a Developer advance or from the date of direct payment by the Developer at the rate of 8% per annum. The 2017 OFA evidences the District's intent to reimburse the Developer, but does not constitute a debt or indebtedness of the District, nor does it constitute a multiple fiscal year financial obligation, and the making of any reimbursement to the Developer shall be subject at all times to annual appropriation by the District.

The District previously entered into Operation Funding Agreements with the Developer for fiscal years 2013-2014, 2015, and 2016 ( the "2013-2014 OFA," the "2015 OFA" and the "2016 OFA," respectively). The priority of payments to reimburse the Developer shall be as follows: (a) first to the 2013-2014 OFA accrued and unpaid interest and then to the 2013-2014 OFA principal amount due; and then (b) first to the 2015 OFA accrued and unpaid interest and then to the 2015 OFA principal amount due; and then (c) first to the 2016 OFA accrued and unpaid interest and then to the 2016 OFA principal amount due; and then (d) first to the 2017 OFA accrued and unpaid interest and then to the 2017 OFA principal amount due.

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Debt Authorizations**

On November 4, 2008, a majority of qualified electors of the District voted in the election, authorized the issuance of indebtedness in an amount not to exceed \$70,000,000. On May 6, 2014, a majority of qualified electors of the District voted in the election, authorized the issuance of indebtedness in an amount not to exceed \$91,000,000. However, the Service Plan limits the ability of the District to issue debt to \$7,000,000. This limitation does not apply to refunding debt.

In the future, the District may issue a portion or 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.

	<b>Amount Authorized on November 4, 2008</b>	<b>Amount Authorized on May 6, 2014</b>	<b>Authorization Used for Series 2016 Bonds</b>	<b>Authorized But Unissued</b>
Streets	\$ 7,000,000	\$ 7,000,000	\$ (485,227)	\$ 13,514,773
Parks and recreation	7,000,000	7,000,000	(56,244)	13,943,756
Water	7,000,000	7,000,000	(988,709)	13,011,291
Sanitation	7,000,000	7,000,000	(764,821)	13,235,179
Transportation	7,000,000	7,000,000	-	14,000,000
Traffic and safety control	7,000,000	7,000,000	-	14,000,000
Mosquito control	7,000,000	7,000,000	-	14,000,000
Fire	-	7,000,000	-	7,000,000
Television relay	-	7,000,000	-	7,000,000
Security	-	7,000,000	-	7,000,000
Refunding	7,000,000	7,000,000	-	14,000,000
O&M Debt	7,000,000	7,000,000	-	14,000,000
IGAs as Debt	7,000,000	7,000,000	-	14,000,000
	<u>\$ 70,000,000</u>	<u>\$ 91,000,000</u>	<u>\$ (2,295,000)</u>	<u>\$ 158,705,000</u>

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 6 - NET POSITION**

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

The restricted component of net position consists of assets that are restricted for use either externally 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 a restricted net position as of December 31, 2016, as follows:

	<b>Governmental Activities</b>
Restricted net position:	
Emergencies	\$ 300
Debt Service	4,886
Total	\$ 5,186

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, which will be conveyed or were conveyed to other governmental entities.

**NOTE 7 - RELATED PARTIES**

The Developer of the property with constitutes the District is Gateway Land Investments, LLC. The members 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.

**NOTE 8 – AGREEMENTS**

**Public Finance and Redevelopment Agreement**

On October 13, 2014, the District entered into an agreement with Golden Urban Renewal Authority (“Authority”) and Gateway Land Investments, LLC (“Developer”) whereas the Developer shall construct and operate a mixed-use development in an effort to positively contribute to the rehabilitation and elimination of blight within an urban renewal area. At its election, the Developer may self-finance, construct, and install the Public Improvements as approved by the City of Golden. The Developer may also elect to be reimbursed from pledged property tax revenues directly or from proceeds of Bond issued by the District.

In the event that the Developer does not elect to construct the public improvements, the District shall take over and may issue bonds from time to time to finance the costs of these public improvements. The bonds and the payment of any bond requirement shall be special revenue obligations of the District.

**DINOSAUR RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 8 – AGREEMENTS** (continued)

Subsequent Event: The Parties entered into an Amended and Restated Public Finance and Redevelopment Agreement on January 21, 2017, because of changing costs and economic conditions. The Amended and Restated Agreement sets forth the Parties' intent to cooperate as to the provision of the public improvements financed by the Developer and the District, and to ensure that the ad valorem taxes levied by the District and the pledged property tax revenues paid by the Authority to the District are made available to the District for the purposes of implementing the Service Plan, as well as accomplishing the redevelopment of the Project Area.

**NOTE 9 - RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., 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 Developer maintains commercial insurance of all risks of loss.

**NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS**

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

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

On November 4, 2008, and May 6, 2014 the District's voters approved an annual increases in taxes of \$5,000,000 for general operations and maintenance without limitation of rate. The District's voters also approved election questions authorizing the District to collect and spend the additional revenue without regard to any spending, revenue raising, and other limitations contained within TABOR.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTARY INFORMATION**

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes	\$ 11,763	\$ 11,402	\$ (361)
Specific ownership taxes	823	944	121
Net investment income	-	684	684
Total revenues	<u>12,586</u>	<u>13,030</u>	<u>444</u>
<b>EXPENDITURES</b>			
County Treasurer's fee	180	181	(1)
Promissory Notes	13,200	13,000	200
Total expenditures	<u>13,380</u>	<u>13,181</u>	<u>199</u>
<b>NET CHANGE IN FUND BALANCE</b>	(794)	(151)	643
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>794</u>	<u>13,070</u>	<u>12,276</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 12,919</u>	<u>\$ 12,919</u>

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	Budget Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Bond issue costs	-	92,000	31,181	60,819
Capital outlay	-	3,748,871	3,748,871	-
Total expenditures	-	3,840,871	3,780,052	60,819
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(3,840,871)	(3,780,052)	60,819
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	-	2,295,000	2,295,000	-
Developer advance	-	3,748,871	3,778,669	29,798
Repay Developer advances	-	(2,203,000)	(2,295,000)	(92,000)
Total other financing sources (uses)	-	3,840,871	3,778,669	(62,202)
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	-	-	(1,383)	(1,383)
<b>FUND BALANCES- BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	\$ -	\$ -	\$ (1,383)	\$ (1,383)

## **OTHER INFORMATION**

**DINOSAUR RIDGE METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED  
December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2012	\$ 506,920	20.000	0.000	\$ 10,138	\$ 10,138	100.00%
2013	506,920	20.000	20.000	20,276	20,276	100.00%
2014	389,760	20.000	30.000	19,487	19,488	100.01%
2015	397,671	20.000	30.000	19,883	19,883	100.00%
2016	392,109	20.000	30.000	19,605	19,004	96.93%
Estimated for the year ending December 31, 2017	\$ 337,242	20.000	30.000	\$ 16,862		

**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.