

EDGEMONT RANCH METROPOLITAN DISTRICT
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2016



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

April 5, 2017

Board of Directors
Edgemont Ranch Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Edgemont Ranch Metropolitan District, as of and for the year ended 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Edgemont Ranch Metropolitan District as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, 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.

April 5, 2017
Edgemont Ranch Metropolitan District
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Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Edgemont Ranch Metropolitan District's basic financial statements. The supplemental budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental budget and actual schedules are 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 supplemental budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Edgemont Ranch Metropolitan District

Management's Discussion and Analysis December 31, 2016

As management of the Edgemont Ranch Metropolitan District ("District") we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes.)

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, roads, and interest on long-term debt. The business-type activities of the District are water and wastewater services.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds, and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Overview of the Financial Statements (continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for each fund as required by Colorado statutes. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Proprietary funds: The District maintains two proprietary funds. The District uses the Water Fund to account for its water treatment plant and distribution system and the Sewer Fund to account for its sewer treatment plant and collection system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 12 through 14 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15 through 26 of this report.

Government-wide Financial Analysis

The following tables show condensed financial information derived from the government-wide financial statements for the years ended December 31, 2016 and 2015.

Edgemont Ranch Metropolitan District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 584,849	\$ 577,816	\$ 766,551	\$ 587,582	\$ 1,351,400	\$ 1,165,398
Capital assets	3,188,316	3,246,148	6,986,454	7,046,548	10,174,770	10,292,696
Total Assets	3,773,165	3,823,964	7,753,005	7,634,130	11,526,170	11,458,094
Liabilities:						
Current and other liabilities	55,259	51,441	251,647	243,529	306,906	294,970
Long-term liabilities	349,087	396,233	1,067,214	1,268,346	1,416,301	1,664,579
Total Liabilities	404,346	447,674	1,318,861	1,511,875	1,723,207	1,959,549
Deferred Inflows of Resources:						
Deferred property tax revenue	239,491	234,262	-	-	239,491	234,262
Net Position:						
Net investment in capital assets	2,792,083	2,804,525	5,718,108	5,592,197	8,510,191	8,396,722
Restricted for emergencies	8,249	7,027	-	-	8,249	7,027
Restricted for road mtnc.	177,066	158,916			177,066	158,916
Unrestricted (deficit)	151,930	171,560	716,036	530,058	867,966	701,618
Total Net Position	\$ 3,129,328	\$ 3,142,028	\$ 6,434,144	\$ 6,122,255	\$ 9,563,472	\$ 9,264,283

Government-wide Financial Analysis (continued)

The District has maintained a positive balance in all funds.

Edgemont Ranch Metropolitan District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
General government	\$ 13,824	\$ 15,121	\$ -	\$ -	\$ 13,824	\$ 15,121
Roads	54,773	56,250	-	-	54,773	56,250
Water	-	-	489,744	460,033	489,744	460,033
Sewer	-	-	525,569	327,760	525,569	327,760
General revenues:						
Property taxes	254,411	218,969	-	-	254,411	218,969
Miscellaneous	13,099	13,258	-	-	13,099	13,258
Developer donated assets	4,000	348,926	106,227	449,748	110,227	798,674
Interest	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total Revenues	340,107	652,524	1,121,540	1,237,541	1,461,647	1,890,065
Expenses:						
General government	170,464	155,880	-	-	170,464	155,880
Roads	166,339	154,386	-	-	166,339	154,386
Interest	16,004	17,972	-	-	16,004	17,972
Water	-	-	480,923	446,820	480,923	446,820
Sewer	-	-	328,728	305,621	328,728	305,621
Total Expenses	352,807	328,238	809,651	752,441	1,162,458	1,080,679
Change in Net Position	(12,700)	324,286	311,889	485,100	299,189	809,386
Net Position - Beginning	3,142,028	2,817,742	6,122,255	5,637,155	9,264,283	8,454,897
Net Position - Ending	\$ 3,129,328	\$ 3,142,028	\$ 6,434,144	\$ 6,122,255	\$ 9,563,472	\$ 9,264,283

Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$337,245, a decrease of \$258 from the prior year. Of the fund balance, \$7,610 is non-spendable because it consists of prepaid expenses. \$8,249 is restricted, meaning it is not available for new spending because it has already been committed for emergencies under the Taxpayers' Bill of Rights (TABOR). An additional \$177,066 is restricted, as it is intended to be used for future road maintenance. \$53,793 is assigned for debt service. The remaining \$90,527 is unassigned and is available for spending in future years.

Proprietary funds: The District's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the proprietary funds totaled \$6,434,144 at the end of 2016 as compared to \$6,122,255 at the end of 2015. At the end of 2016, \$5,718,108 of this balance was invested in capital assets net of related debt and \$716,036 was available for spending at the District's discretion.

Budget variances: Details of the budget variances can be seen on page 27 for the debt service fund and pages 28-29 for the proprietary funds.

Capital assets: The District invested \$98,886 in capital asset additions during 2016. The majority of this amount was used for easements and boundary adjustments to benefit the District. The District also received developer donated assets of water and sewer and roads infrastructure in the amount of \$110,227. Depreciation expense of \$327,039 was recognized in 2016. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements on pages 22 and 23 of this report.

Long-term debt: The District reduced its outstanding long-term debt balance by \$231,395, bringing the 2016 year-end balances to \$396,233 in Governmental Activities and \$1,268,346 in Business-type Activities. Additional information can be found in the Notes to the Financial Statements on pages 23 and 24 of this report.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Edgemont Ranch Metropolitan District, 5972 County Road 234, Durango, CO 81301, phone (970)259-3102.

Edgemont Ranch Metropolitan District

STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Equity in pooled cash and investments	\$ 325,427	\$ 544,929	\$ 870,356
Cash held by treasurer	1,584	-	1,584
Property taxes receivable	239,491	-	239,491
Other receivables	10,737	206,637	217,374
Prepaid expenses	7,610	14,985	22,595
Total Current Assets	<u>584,849</u>	<u>766,551</u>	<u>1,351,400</u>
Capital assets, non-depreciable	62,609	170,575	233,184
Capital assets, depreciable (net)	<u>3,125,707</u>	<u>6,815,879</u>	<u>9,941,586</u>
Total Assets	<u>\$ 3,773,165</u>	<u>\$ 7,753,005</u>	<u>\$ 11,526,170</u>
LIABILITIES			
Current Liabilities			
Accounts and other payables	\$ 6,229	\$ 27,016	\$ 33,245
Accrued liabilities	1,884	3,499	5,383
Unearned revenue	-	20,000	20,000
Current portion of long-term obligations	<u>47,146</u>	<u>201,132</u>	<u>248,278</u>
Total Current Liabilities	55,259	251,647	306,906
Long-term obligations, net of current portion	<u>349,087</u>	<u>1,067,214</u>	<u>1,416,301</u>
Total Liabilities	404,346	1,318,861	1,723,207
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	239,491	-	239,491
NET POSITION			
Net investment in capital assets	2,792,083	5,718,108	8,510,191
Restricted for emergencies	8,249	-	8,249
Restricted for road maintenance	177,066	-	177,066
Unrestricted	<u>151,930</u>	<u>716,036</u>	<u>867,966</u>
Total Net Position	<u>\$ 3,129,328</u>	<u>\$ 6,434,144</u>	<u>\$ 9,563,472</u>

The accompanying notes are an integral part of this statement.

Edgemont Ranch Metropolitan District

STATEMENT OF ACTIVITIES

Year ended December 31, 2016

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Position			
			Governmental Activities	Business- Type Activities	Total	
Governmental Activities						
General government	\$ 170,464	\$ 13,824	\$ (156,640)		\$ (156,640)	
Roads	166,339	54,773	(111,566)		(111,566)	
Interest	16,004	-	(16,004)		(16,004)	
Total governmental	<u>352,807</u>	<u>68,597</u>	<u>(284,210)</u>		<u>(284,210)</u>	
Business-type Activities						
Water	480,923	489,744		\$ 8,821	8,821	
Sewer	328,728	525,569		196,841	196,841	
Total business-type	<u>809,651</u>	<u>1,015,313</u>		<u>205,662</u>	<u>205,662</u>	
Total	<u>\$ 1,162,458</u>	<u>\$ 1,083,910</u>	<u>(284,210)</u>	<u>205,662</u>	<u>(78,548)</u>	
General revenues						
Taxes			254,411	-	254,411	
Miscellaneous			13,099	-	13,099	
Developer donated assets			4,000	106,227	110,227	
			<u>271,510</u>	<u>106,227</u>	<u>377,737</u>	
			Change in net position	(12,700)	311,889	299,189
Net position, Jan 1			<u>3,142,028</u>	<u>6,122,255</u>	<u>9,264,283</u>	
Net position, Dec 31			<u>\$ 3,129,328</u>	<u>\$ 6,434,144</u>	<u>\$ 9,563,472</u>	

The accompanying notes are an integral part of this statement.

Edgemont Ranch Metropolitan District

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2016

	General	Debt Service	Total Government
ASSETS			
Equity in pooled cash and investments	\$ 272,060	\$ 53,367	\$ 325,427
Cash with Treasurer	1,158	426	1,584
Property taxes receivable	176,579	62,912	239,491
Other receivables	10,737	-	10,737
Prepaid expenses	7,610	-	7,610
Total Assets	<u>\$ 468,144</u>	<u>\$ 116,705</u>	<u>\$ 584,849</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 6,229	\$ -	\$ 6,229
Accrued liabilities	1,884	-	1,884
Total Liabilities	<u>8,113</u>	<u>-</u>	<u>8,113</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	176,579	62,912	239,491
FUND BALANCE			
Nonspendable	7,610	-	7,610
Restricted for emergencies	8,249	-	8,249
Restricted for road maintenance	177,066	-	177,066
Assigned for debt service	-	53,793	53,793
Unassigned	90,527	-	90,527
Total Fund Balances	<u>283,452</u>	<u>53,793</u>	<u>337,245</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 468,144</u>	<u>\$ 116,705</u>	<u>\$ 584,849</u>
		Fund balances (as reported above)	\$ 337,245
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets are not financial resources and are therefore not reported in the funds			3,188,316
Long-term obligations are not payable in the current period and are therefore not reported in the funds			(396,233)
Net position of governmental activities			<u>\$ 3,129,328</u>

The accompanying notes are an integral part of this statement.

Edgemont Ranch Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year ended December 31, 2016

	General	Debt Service	Total
Revenues			
Taxes	\$ 185,981	\$ 68,430	\$ 254,411
Fees	54,773	-	54,773
Lease	13,824	-	13,824
Miscellaneous	13,099	-	13,099
Total Revenues	267,677	68,430	336,107
Expenditures			
Personnel	116,640	-	116,640
General governmental administrative	47,509	1,877	49,386
Roads	108,945	-	108,945
Debt Service	-	61,394	61,394
Total Expenditures	273,094	63,271	336,365
Net Change in Fund Balances	(5,417)	5,159	(258)
Fund Balance, January 1	288,869	48,634	337,503
Fund Balance, December 31	\$ 283,452	\$ 53,793	\$ 337,245

Net change in fund balance (above) (258)

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

Developer donations do not provide current financial resources but affect net position	4,000
Principal payments of long-term obligations consumes current financial resources but do not affect net position	45,390
Depreciation of capital assets does not consume current financial resources but affects net position	(110,157)
Capital assets acquired during the period consumes current financial resources but do not affect net position	48,325
Change in net position of governmental activities	\$ (12,700)

The accompanying notes are an integral part of this statement.

Edgemont Ranch Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 179,950	\$ 179,950	\$ 185,981	\$ 6,031
Fees	57,480	57,480	54,773	(2,707)
Lease	14,380	14,380	13,824	(556)
Miscellaneous	13,070	13,070	13,099	29
Total Revenues	<u>264,880</u>	<u>264,880</u>	<u>267,677</u>	<u>2,797</u>
Expenditures				
Administrative	49,855	49,855	47,509	(2,346)
Personnel	121,174	121,174	116,640	(4,534)
Roads	121,420	121,420	108,945	(12,475)
Total Expenditures	<u>292,449</u>	<u>292,449</u>	<u>273,094</u>	<u>(19,355)</u>
Net Change in Fund Balances	(27,569)	(27,569)	(5,417)	22,152
Fund Balance, January 1	<u>288,869</u>	<u>288,869</u>	<u>288,869</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 261,300</u>	<u>\$ 261,300</u>	<u>\$ 283,452</u>	<u>\$ 22,152</u>

The accompanying notes are an integral part of this statement.

Edgemont Ranch Metropolitan District

STATEMENT OF NET POSITION - ALL PROPRIETARY FUND TYPES

December 31, 2016

	Business-type Activities		
	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current Assets			
Equity in pooled cash and investments	\$ 53,546	\$ 491,383	\$ 544,929
Accounts receivables (net)	96,892	109,745	206,637
Prepaid expenses and deposits	7,376	7,609	14,985
Total Current Assets	<u>157,814</u>	<u>608,737</u>	<u>766,551</u>
Capital assets			
Sewer system	-	3,116,960	3,116,960
Water system	5,357,737	-	5,357,737
Water rights	170,575	-	170,575
Building	29,530	41,750	71,280
Equipment and vehicles	188,194	397,351	585,545
Accumulated depreciation	(1,367,944)	(947,699)	(2,315,643)
Capital Assets	<u>4,378,092</u>	<u>2,608,362</u>	<u>6,986,454</u>
Total Assets	<u>\$ 4,535,906</u>	<u>\$ 3,217,099</u>	<u>\$ 7,753,005</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 18,357	\$ 8,659	\$ 27,016
Accrued liabilities	1,615	1,884	3,499
Long-term debt, current portion	153,228	47,904	201,132
Unearned revenue	-	20,000	20,000
Total Current Liabilites	<u>173,200</u>	<u>78,447</u>	<u>251,647</u>
Noncurrent liabilities			
Long-term debt	920,996	146,218	1,067,214
Total Liabilities	<u>1,094,196</u>	<u>224,665</u>	<u>1,318,861</u>
NET POSITION			
Net investment in capital assets	3,303,868	2,414,240	5,718,108
Unrestricted	137,842	578,194	716,036
Total Net Position	<u>\$ 3,441,710</u>	<u>\$ 2,992,434</u>	<u>\$ 6,434,144</u>

The accompanying notes are an integral part of this statement.

Edgemont Ranch Metropolitan District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the year ended December 31, 2016

	Business Type Activities		
	Enterprise Funds		
	Water	Sewer	Totals
Operating Revenues			
Sales and services	\$ 314,204	\$ 346,895	\$ 661,099
Maintenance fees	175,040	177,668	352,708
Total Operating Revenues	<u>489,244</u>	<u>524,563</u>	<u>1,013,807</u>
Operating Expenses			
Treatment	158,652	73,341	231,993
Personnel	116,055	134,778	250,833
Depreciation	130,528	86,354	216,882
Administrative costs	18,473	18,222	36,695
Total Operating Expenses	<u>423,708</u>	<u>312,695</u>	<u>736,403</u>
Operating Income	65,536	211,868	277,404
Non-Operating Revenue (Expenses)			
Other income	500	1,006	1,506
Developer donated assets	54,212	52,015	106,227
Interest expense	(57,215)	(16,033)	(73,248)
Total Non-Operating Revenue (Expenses)	<u>(2,503)</u>	<u>36,988</u>	<u>34,485</u>
Change in Net Position	63,033	248,856	311,889
Net Position - January 1	<u>3,378,677</u>	<u>2,743,578</u>	<u>6,122,255</u>
Net Position - December 31	<u>\$ 3,441,710</u>	<u>\$ 2,992,434</u>	<u>\$ 6,434,144</u>

The accompanying notes are an integral part of this statement.

Edgemont Ranch Metropolitan District

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

For the year ended December 31, 2016

	Business Type Activities		
	Enterprise Funds		
	Water	Sewer	Totals
Cash Flows From Operating Activities			
Cash received from customers	\$ 471,347	\$ 478,058	\$ 949,405
Cash paid to employees	(114,440)	(132,894)	(247,334)
Cash paid to suppliers	(188,916)	(90,721)	(279,637)
Net Cash Provided (Used) By Operating Activities	167,991	254,443	422,434
Cash Flows From Capital and Related Financing Activities			
Purchase of fixed assets	(49,443)	(1,118)	(50,561)
Interest paid	(57,215)	(16,033)	(73,248)
Debt principal payments	(142,659)	(43,346)	(186,005)
Net Cash Provided (Used) By Capital and Related Financing Activities	(249,317)	(60,497)	(309,814)
Net Increase (Decrease) in Cash and Equivalents	(81,326)	193,946	112,620
Cash and Equivalents, Beginning	134,872	297,437	432,309
Cash and Equivalents, Ending	\$ 53,546	\$ 491,383	\$ 544,929
Reconciliation of Net Operating Income To Net Cash Provided (Used) By Operating Activities:			
Operating Income (Loss)	\$ 65,536	\$ 211,868	\$ 277,404
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	130,528	86,354	216,882
Other income	500	1,006	1,506
Change in accounts receivable	(18,397)	(47,511)	(65,908)
Change in prepaid expenses	(216)	(225)	(441)
Change in accounts payable	(11,575)	1,067	(10,508)
Change in accrued liabilities	1,615	1,884	3,499
Net Cash Provided (Used) By Operating Activities	\$ 167,991	\$ 254,443	\$ 422,434
Noncash Capital and Investing Activity:			
Developer donated assets	\$ 54,212	\$ 52,015	\$ 106,227

The accompanying notes are an integral part of this statement.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Edgemont Ranch Metropolitan District (the “District”) was organized by judicial decree on July 13, 1983. The District is a quasi-municipal corporation and political subdivision of the State of Colorado organized pursuant to the requirements of the Special District Act. The District was formed to provide certain public infrastructure and municipal services for the benefit of the residents and property owners within the District. The District is located within La Plata County, Colorado. The governing body of the District is elected by the registered voters within the District and consists of a five-member board of directors.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

2. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

3. Government-wide and Fund Financial Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Currently, the District has governmental and business-type activities.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debts and obligations. The District's net position is reported as net investment in capital assets; restricted for emergencies; restricted for road maintenance; and, unrestricted.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self balancing accounts that comprises its assets, liabilities, fund balances, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

4. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District currently has a General Fund and a Debt Service Fund, which are governmental funds, and a Water Fund and a Sewer Fund, which are proprietary funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and 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.

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 is used to account for debt service resources and transactions of the District except those accounted for in the proprietary funds.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Proprietary Funds

Proprietary funds account for operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the District has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Operating revenues and expenses for enterprise funds are those that result from providing services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following major proprietary funds:

Water Fund – The Water Fund accounts for operations of the District’s water treatment plant and distribution system.

Sewer Fund – The Sewer Fund accounts for the operations of the District’s sewer treatment plant and collection system.

5. Measurement Focus and Basis of Accounting

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

Long-Term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial resources focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted assets first, then unrestricted resources as they are needed.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

The accrual basis of accounting is utilized in the proprietary fund type. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense and expenditures for property and equipment are shown as increases in assets.

6. Use of Estimates

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

7. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with generally accepted accounting principles ("GAAP"). The budget for the proprietary fund is adopted on the budgetary basis of accounting, which differs from the GAAP basis in that depreciation and amortization are excluded from expenditures, and outlays for the acquisition of capital assets and debt service principal are included as expenditures.

As required by Colorado statutes, the District followed the timetable below in approving and enacting the budgets for the ensuing year:

- (1) Prior to August 25, the County Assessor sends the District the assessed valuation of all taxable property within the District's boundaries.
- (2) On or before October 15, the District's accountant submits to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) The Board holds a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.
- (4) Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derives the necessary property taxes as computed in the proposed budget.
- (5) Prior to December 31, the final budget and appropriating resolution is adopted.
- (6) After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund,

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

as determined by the original appropriation level; b) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) emergency appropriations; and d) reduction of appropriations for which originally estimated revenues are insufficient.

Amounts originally appropriated by the District for 2016 were as follows: General Fund (\$292,449), Debt Service Fund (\$63,290), Water Fund (\$558,592), and Sewer Fund (\$337,827). The District made no supplemental appropriations for 2016.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end.

8. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the Government-wide Financial Statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

Depreciation is computed using the straight-line method over estimated useful lives, as follows:

	<u>Estimated Lives</u>
Road system	50 years
Street lights	20 years
Water system	50 years
Sewer system	50 years
Buildings	40 years
Equipment and vehicles	5-10 years

9. Property Taxes

Property taxes for 2016, collectible in 2017, were certified by the La Plata County Commissioners before December 31, 2016. Property taxes attached as an enforceable lien on January 1, 2016 and are due in total April 30, 2017 or in equal installments February 28, 2017 and June 15, 2017, at the option of the taxpayer. Property taxes for 2016, collectible in 2017, are shown as property taxes receivable and deferred property tax revenue on the statement of net position in the amount of the assessed taxes. The County Treasurer remits taxes collected monthly to the District.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

10. Accounts Receivable

The District considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

11. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

12. Classification of Fund Balance

In the governmental fund (general fund and debt service fund) financial statements fund balance is reported in five classifications.

Nonspendable: Prepaid expenses represent fund balance amounts that are not in spendable form.

Restricted: The Colorado Constitution as amended by TABOR (see separate TABOR amendment note) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases.

Voters approved an increase in property taxes for the District that is to be used for road maintenance. The fund balance related to amounts not yet spent is reported as restricted.

It is the District's policy to use restricted fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

Committed: Committed is that portion of fund balance that has been committed by the highest level of formal action of the District's Board of Directors and does not lapse at year-end. The District does not have any committed fund balance at year end. It is the District's policy to use committed fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

Assigned: Assignments of fund balance are designated by District management. Fund balance in the Debt Service Fund is assigned for future debt service.

Unassigned: Fund balance that has not been reported in any other classification is reported as unassigned.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

CASH AND INVESTMENTS

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position as "Equity in pooled cash and investments."

Deposits

At year-end, the carrying amount of the District's cash deposits was \$870,356 and the bank balance was \$896,954. The bank balance was covered by federal depository insurance or collateralized as discussed in the next paragraph.

Statutes require that any public depository which accepts and holds public funds maintain, as security for public deposits accepted and held by it, not insured by federal depository insurance, eligible collateral having a market value, at all times, equal to at least 102 percent of the amount of public deposits. Banking institutions are monitored by the State of Colorado Banking Commission and must report monthly on all public deposits held. Pledged collateral must be held in joint custody of the bank and of the Public Deposit Protection Act in a safekeeping account held by a third party, usually the Federal Reserve Bank. The pledged collateral cannot be released unless approval is obtained by the banking commission. Savings and Loan institutions are monitored by the State of Colorado Commissioner of Savings and Loan Associations and must report quarterly on all public deposits held. Pledged collateral, usually in the form of mortgages, must be held by a third party institution for the benefit of the commissioner.

Investments

Colorado state statutes authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agencies, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, bankers acceptance notes, commercial paper, repurchase agreements, money market funds and guaranteed investment contracts. All investments must be held by the District, in their name, or in custody of a third party on behalf of the local government.

At December 31, 2016, the District had no investments.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
Governmental activities				
Non-depreciable capital assets:				
Land	\$ 14,284	\$ 48,325	\$ -	\$ 62,609
Depreciable capital assets:				
Infrastructure	4,445,109	4,000	-	4,449,109
Buildings	50,036	-	-	50,036
Equipment and vehicles	283,342	-	-	283,342
Total depreciable capital assets	4,778,487	4,000	-	4,782,487
Less accumulated depreciation	1,546,623	110,157	-	1,656,780
Depreciable capital assets, net	3,231,864	(106,157)	-	3,125,707
Governmental activities capital assets, net	<u>\$ 3,246,148</u>	<u>\$ (57,832)</u>	<u>\$ -</u>	<u>\$ 3,188,316</u>

Governmental activity depreciation expense is allocated as follows:

General government	\$ 4,438
Roads	105,719
	<u>\$ 110,157</u>

Business-type activities

Non-depreciable capital assets:				
Water Fund water rights	\$ 122,250	\$ 48,325	\$ -	\$ 170,575
Depreciable capital assets:				
Water Fund				
Water system	5,303,525	54,212	-	5,357,737
Building	29,530	-	-	29,530
Vehicles and equipment	187,076	1,118	-	188,194
Sewer Fund				
Sewer system	3,064,945	52,015	-	3,116,960
Building	41,750	-	-	41,750
Vehicles and equipment	396,233	1,118	-	397,351
Total depreciable capital assets	9,023,059	108,463	-	9,131,522
Less accumulated depreciation	2,098,761	216,882	-	2,315,643
Depreciable capital assets, net	6,924,298	(108,419)	-	6,815,879
Business-type activities capital assets, net	<u>\$ 6,924,298</u>	<u>\$ (108,419)</u>	<u>\$ -</u>	<u>\$ 6,815,879</u>

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

LONG-TERM OBLIGATIONS

A summary of the District's Long-term Debt Obligations follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
2014 General Obligation Refunding Loan	\$ 441,623	\$ -	\$ 45,390	\$ 396,233	\$ 47,146
Business-type Activities:					
Rancho Durango Obligation	\$ 536,102	\$ -	\$ 83,019	\$ 453,083	\$ 94,246
2014 Water Revenue Loan	879,139	-	90,357	788,782	93,853
TCF Equipment Finance, Inc. Lease	39,110	-	12,629	26,481	13,033
	<u>\$1,454,351</u>	<u>\$ -</u>	<u>\$ 186,005</u>	<u>\$1,268,346</u>	<u>\$ 201,132</u>

2014 General Obligation Refunding Loan in the face amount of \$510,000 was issued with a date of May 1, 2014. The interest rate is 3.75% and principal and interest payments of \$5,116 are made monthly through May, 2024.

The District has incurred an obligation to Rancho Durango, Ltd. for the use and ultimate ownership of certain infrastructure of the District including water and sewer treatment facilities and distribution and collection systems, land, buildings, and easements that are integral to the operation of the District. The agreement requires monthly payments equal to 25% of water and sewer fees collected in excess of \$8,000 for that month. The final monthly payment is due in May, 2020. The obligation is presented in the District's financial statements at the net present value of the estimated future payments, discounted at the District's estimated borrowing rate at the date of the transaction of 7.5%.

2014 Water Revenue Loan in the face amount of \$1,000,000 was issued with a date of May 1, 2014 and amended on December 12, 2014. The interest rate is 3.75% and principal and interest payments of \$10,185 are made monthly through May, 2024. The loan is secured by the net revenues of the water fund of the District.

The District entered into a capital lease with TCF Equipment Finance, Inc. to acquire a jetter. The lease requires semi-annual payments of \$6,885, including interest at 3.15%, through December, 2018. The asset has been capitalized with a cost of \$64,209 and has accumulated depreciation of \$10,702 at December 31, 2016.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

The debt service requirements for the 2014 General Obligation Refunding Loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 47,146	\$ 14,248	\$ 61,394
2018	48,970	12,424	61,394
2019	50,864	10,530	61,394
2020	52,832	8,562	61,394
2021	54,877	6,517	61,394
2022-2024	141,544	6,824	148,368
	<u>\$396,233</u>	<u>\$ 59,105</u>	<u>\$455,338</u>

The debt service requirements for the 2014 Water Revenue Loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 93,853	\$ 28,363	\$122,216
2018	97,484	24,732	122,216
2019	101,256	20,960	122,216
2020	105,174	17,042	122,216
2021	109,243	12,973	122,216
2022-2024	281,772	13,583	295,355
	<u>\$788,782</u>	<u>\$117,653</u>	<u>\$906,435</u>

The future minimum lease payments of the Rancho Durango and the TCF Equipment Finance, Inc. obligations follow:

<u>Year</u>	
2017	\$141,997
2018	146,997
2019	138,227
2020	143,227
Total minimum lease payments	<u>570,448</u>
Less amount representing interest	<u>90,884</u>
	<u>\$479,564</u>

COMMITMENTS AND CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District believes that there are no material outstanding claims against the District at December 31, 2016.

Edgemont Ranch Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool (“Pool”) for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to \$1,000,000, except if the claim falls within the government immunity statute, then the coverage is \$150,000 per person and a \$600,000 aggregate claim. The Pool is reinsured for 80% of the first \$250,000 of all claims and 100% for claims in excess of \$250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage. A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2015 (the latest audited information available) is as follows:

Assets	<u>\$ 44,054,744</u>
Liabilities	<u>\$ 24,739,781</u>
Surplus	<u>19,314,963</u>
	<u>\$ 44,054,744</u>
Revenues	\$ 16,561,452
Expenses	<u>14,839,993</u>
Net Income (Loss)	<u>\$ 1,721,459</u>

TABOR AMENDMENT

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that of the prior year, extension of any expiring tax, or tax policy change directly causing a new tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in future years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of the fiscal year spending (excluding bonded debt service) for fiscal years ended after December 31, 1994. At December 31, 2016, a reserve of \$8,249 was required for the General Fund.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year’s fiscal

Edgemont Ranch Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

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

DEFERRED COMPENSATION PLAN

The District participates in the Edgemont Ranch Metropolitan District Lincoln Retirement 457(b) Governmental Deferred Compensation Plan administered by Lincoln National Life Insurance Company. The Plan is a single-employer defined contribution retirement plan covering all full-time employees of the District. The District's board authorizes the benefit terms of the plan and has the authority to amend those terms, subject to applicable regulations. The District contributes 5% of participant's compensation to the plan. Participants can contribute up to the maximum percentage allowed by the Internal Revenue Service. Participants are fully vested in all contributions. During 2016 the District contributed \$11,397 and plan participants contributed \$779.

SUPPLEMENTAL INFORMATION

Edgemont Ranch Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND

Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 65,938	\$ 65,938	\$ 68,367	\$ 2,429
Interest	200	200	63	(137)
Total Revenues	66,138	66,138	68,430	2,292
Expenditures				
Administrative	1,896	1,896	1,877	(19)
Debt service	61,394	61,394	61,394	-
Total Expenditures	63,290	63,290	63,271	(19)
Excess of revenues over (under) expenditures	2,848	2,848	5,159	2,311
Fund Balance, January 1	48,634	48,634	48,634	-
Fund Balance, December 31	<u>\$ 51,482</u>	<u>\$ 51,482</u>	<u>\$ 53,793</u>	<u>\$ 2,311</u>

Edgemont Ranch Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - WATER FUND

Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Sales and services	\$ 305,107	\$ 305,107	\$ 314,204	\$ 9,097
Maintenance fees	171,672	171,672	175,040	3,368
Miscellaneous	-	-	500	500
Total Revenues	<u>476,779</u>	<u>476,779</u>	<u>489,744</u>	<u>12,965</u>
Expenditures				
Administrative	20,619	20,619	18,473	(2,146)
Personnel	120,168	120,168	116,055	(4,113)
Water treatment	142,712	142,712	152,556	9,844
Debt payments	199,853	199,853	199,874	21
Capital outlay	75,240	75,240	55,539	(19,701)
Total Expenditures	<u>558,592</u>	<u>558,592</u>	<u>542,497</u>	<u>(16,095)</u>
Net change in fund balance	<u>\$ (81,813)</u>	<u>\$ (81,813)</u>	(52,753)	<u>\$ 29,060</u>
Reconciliation to GAAP basis of accounting				
Capital outlay capitalized			49,443	
Debt principal payments			142,659	
Developer donated assets			54,212	
Depreciation expense			(130,528)	
Change in Net Position			<u>63,033</u>	
Net Position, January 1			<u>3,378,677</u>	
Net Position, December 31			<u>\$ 3,441,710</u>	

Edgemont Ranch Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SEWER FUND

Year ended December 31, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Sales and services	\$ 336,300	\$ 336,300	\$ 346,895	\$ 10,595
Maintenance fees	177,750	177,750	177,668	(82)
Other income	100	100	506	406
Miscellaneous	-	-	500	500
Total Revenues	<u>514,150</u>	<u>514,150</u>	<u>525,569</u>	<u>11,419</u>
Expenditures				
Administrative	21,754	21,754	18,222	(3,532)
Personnel	139,414	139,414	134,778	(4,636)
Sewer treatment	116,155	116,155	73,341	(42,814)
Debt payments	45,594	45,594	59,379	13,785
Capital outlay	14,910	14,910	1,118	(13,792)
Total Expenditures	<u>337,827</u>	<u>337,827</u>	<u>286,838</u>	<u>(50,989)</u>
Net change in fund balance	<u>\$ 176,323</u>	<u>\$ 176,323</u>	238,731	<u>\$ 62,408</u>
Reconciliation to GAAP basis of accounting				
Capital outlay capitalized			1,118	
Debt principal payments			43,346	
Developer donated assets			52,015	
Depreciation expense			<u>(86,354)</u>	
Change in Net Position			248,856	
Net Position, January 1			<u>2,743,578</u>	
Net Position, December 31			<u>\$ 2,992,434</u>	