

**ELBERT AND HIGHWAY 86
METROPOLITAN DISTRICT
Elbert County, Colorado**

**FINANCIAL STATEMENTS
December 31, 2016**



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Independent Auditor's Report

Board of Directors
Elbert and Highway 86 Metropolitan District
Elbert County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Elbert and Highway 86 Metropolitan District (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 and each major fund of Elbert and Highway 86 Metropolitan District, as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information listed in the table of contents 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 it.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
April 20, 2017

BASIC FINANCIAL STATEMENTS

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 137,744
Cash and investments - Restricted	414,262
Prepaid expense	3,985
Receivable from County Treasurer	3,401
Receivable from other districts	2,530
Property taxes receivable	304,778
Capital assets, not being depreciated	5,247
Capital assets, net of depreciation	163,795
Total assets	<u>1,035,742</u>
LIABILITIES	
Accounts payable	12,520
Accrued interest payable	70,935
Noncurrent liabilities:	
Due within one year	21,800
Due in more than one year	5,856,326
Total liabilities	<u>5,961,581</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	304,778
Total deferred inflows of resources	<u>304,778</u>
NET POSITION	
Net investment in capital assets	(61,080)
Restricted for:	
Emergency reserves	6,000
Unrestricted	(5,175,537)
	<u>\$ (5,230,617)</u>

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

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 137,744	\$ -	\$ 137,744
Cash and investments - Restricted	6,000	408,262	414,262
Prepaid expense	3,985	-	3,985
Receivable from County Treasurer	-	3,401	3,401
Receivable from other districts	2,530	-	2,530
Property taxes receivable	-	304,778	304,778
TOTAL ASSETS	\$ 150,259	\$ 716,441	\$ 866,700
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 12,520	\$ -	\$ 12,520
Total liabilities	12,520	-	12,520
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	-	304,778	304,778
Total deferred inflows of resources	-	304,778	304,778
FUND BALANCES			
Nonspendable:			
Prepaid amounts	3,985	-	3,985
Restricted for:			
Emergency Reserves (TABOR)	6,000	-	6,000
Debt service	-	411,663	411,663
Unassigned:			
General government	127,754	-	127,754
Total fund balances	137,739	411,663	549,402
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 150,259	\$ 716,441	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	169,042
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	(5,370,000)
Bonds premium	(400,296)
Accrued bond interest payable	(70,935)
Developer advance payable	(105,961)
Accrued interest on Developer advances	(1,869)
Net position of governmental activities	\$ (5,230,617)

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

**ELBERT AND HIGHWAY 86 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>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ -	\$ 262,743	\$ 262,743
Specific ownership taxes	-	43,810	43,810
Net investment income	-	1,252	1,252
Facility fees	147,000	77,000	224,000
Intergovernmental revenue	50,000	-	50,000
Other income	2,530	-	2,530
Total revenues	<u>199,530</u>	<u>384,805</u>	<u>584,335</u>
EXPENDITURES			
Current			
Accounting	25,022	-	25,022
Audit	3,900	-	3,900
Contingency	380	-	380
District management	12,522	-	12,522
Dues and memberships	406	-	406
Election costs	608	-	608
Engineering	2,750	-	2,750
Insurance and bonds	3,794	-	3,794
Legal services	30,437	-	30,437
Landscape maintenance	12,838	-	12,838
Miscellaneous	56	-	56
Repay developer advance	160,000	-	160,000
Utilities	1,441	-	1,441
Debt service			
Bond interest	-	143,894	143,894
County Treasurer's fee	-	7,804	7,804
Paying agent fees	-	1,250	1,250
Cost of issuance	-	328,227	328,227
Contingency	-	22	22
Total expenditures	<u>254,154</u>	<u>481,197</u>	<u>735,351</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(54,624)</u>	<u>(96,392)</u>	<u>(151,016)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	5,770,296	5,770,296
Payment to escrow account	-	(5,148,894)	(5,148,894)
Transfers from (to) other funds	160,000	(160,000)	-
Total other financing sources (uses)	<u>160,000</u>	<u>461,402</u>	<u>621,402</u>
NET CHANGE IN FUND BALANCES	105,376	365,010	470,386
FUND BALANCES - BEGINNING OF YEAR	<u>32,363</u>	<u>46,653</u>	<u>79,016</u>
FUND BALANCES - END OF YEAR	<u>\$ 137,739</u>	<u>\$ 411,663</u>	<u>\$ 549,402</u>

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

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES 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	\$ 470,386
<p>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 depreciable asset over the estimated useful life of the asset.</p>	
Depreciation	(5,784)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of 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 is as follows:</p>	
Bond principal refunded and paid - Series 2006	5,005,000
Bond issuance - Series 2016	(5,370,000)
Bond issuance - Series 2016 (Premium)	(400,296)
Developer advance payment - principal	114,399
Developer advance payment - accrued interest	45,601
<p>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:</p>	
Accrued interest on bonds - Change in liability	(46,953)
Accrued interest on Developer advances - Change in liability	<u>(13,449)</u>
Change in net position of governmental activities	<u>\$ (201,096)</u>

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

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Facility fees	\$ 84,000	\$ 154,000	\$ 147,000	\$ (7,000)
Intergovernmental revenue	-	50,000	50,000	-
Other income	-	-	2,530	2,530
Total revenues	<u>84,000</u>	<u>204,000</u>	<u>199,530</u>	<u>(4,470)</u>
EXPENDITURES				
General				
Accounting	12,000	24,000	25,022	(1,022)
Audit	4,000	3,900	3,900	-
Dues and memberships	400	406	406	-
Election costs	-	608	608	-
Insurance and bonds	3,200	3,794	3,794	-
Repay Developer advance	10,000	160,000	160,000	-
District management	-	12,000	12,522	(522)
Legal services	10,000	30,000	30,437	(437)
Miscellaneous	100	500	56	444
Landscape maintenance	12,000	14,000	12,838	1,162
Utilities	2,000	2,000	1,441	559
Engineering	-	2,750	2,750	-
Contingency	1,300	16,042	380	15,662
Total expenditures	<u>55,000</u>	<u>270,000</u>	<u>254,154</u>	<u>15,846</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>29,000</u>	<u>(66,000)</u>	<u>(54,624)</u>	<u>11,376</u>
OTHER FINANCING SOURCES (USES)				
Transfers from (to) other funds	<u>(50,000)</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(21,000)	94,000	105,376	11,376
FUND BALANCES - BEGINNING OF YEAR	<u>48,035</u>	<u>32,363</u>	<u>32,363</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 27,035</u>	<u>\$ 126,363</u>	<u>\$ 137,739</u>	<u>\$ 11,376</u>

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

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - DEFINITION OF REPORTING ENTITY

Elbert and Highway 86 Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the Elbert County District Court on November 26, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely in Elbert County. In accordance with its Service Plan which was approved in October 2002 by the Board of County Commissioners of Elbert County, the District was formed to provide financing for the construction of improvements for streets and safety control, landscaping, storm drainage, water, sewer, television relay and park and recreation facilities in its service area within Elbert County. The District's water services are provided by Elbert and Highway 86 Commercial Metropolitan District.

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, including Elbert and Highway 86 Commercial Metropolitan District, 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 assets 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.

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

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus, Basis of Accounting and Financial Statement 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.

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 subject 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.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall 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.

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 30, 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.

Capital Assets

Capital assets, which include parks and recreation improvements, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements, with the exception of landscaping improvements (e.g. trees, sod, and similar items), are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Improvements that will be dedicated to other governmental entities are not depreciated.

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Water cistern	20 years
Fish pond	20 years
Gazebo	20 years
Entry monuments	50 years

Amortization

Reoffering Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Facility Fees

A facility fee in the amount of \$14,000 per lot is charged against property within the District. The facility fee constitutes a statutory perpetual lien upon the property until paid. The first \$7,000 of the facility fees collected represents revenue pledged for the debt service payments (see Note 5) and the remaining \$7,000 may be used for the repayment of the Bonds or other indebtedness of the District including reimbursing the District's maintenance or operational costs and expenses.

On February 4, 2015, the District amended its facility fee resolution. Pursuant to the amended resolution, the District may use any unpledged portion of the facility fees for the repayment of the bonds or other indebtedness of the District including defraying improvement costs and reimbursing the District's maintenance or operational costs and expenses. The imposition or collection of any pledged revenue of the Bonds shall remain unaffected.

On December 21, 2015, the District amended its facility fee resolution for the second time. Pursuant to the Second Amended and Restated Fee Resolution, facility fees shall be due and payable upon the issuance of a building permit for any permanent structure on any lot located within the Wild Pointe Subdivision and/or the District, unless otherwise previously paid to the District and attributed to one or more specified lot(s). The District may impose penalties on any past-due amounts by accruing from the date due at a rate of \$15.00 per day or up to 5% per month, not-to-exceed 25% of the amount due, which ever is greater.

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows 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 item that qualifies for reporting in this category. Accordingly, the item, *property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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.

ELBERT AND HIGHWAY 86 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.

NOTE 3 - CASH AND INVESTMENTS

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

Cash and investments	\$ 137,744
Cash and investments - Restricted	<u>414,262</u>
	<u>\$ 552,006</u>

Cash and investments as of December 31, 2016, consist of the following:

Deposits with financial institutions	\$ 143,146
Investments	<u>408,860</u>
	<u>\$ 552,006</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's cash deposits had a bank balance of \$143,896 and a carrying balance of \$143,146.

Investments

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

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District has invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs. The investment in COLOTRUST is categorized as a Level 2 investment

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2016, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 19,983
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	388,877
		<u>\$ 408,860</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - CAPITAL ASSETS

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

<u>By Classification</u>	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2016</u>
Capital assets, not being depreciated				
Landscape improvements	\$ 5,247	\$ -	\$ -	\$ 5,247
Total capital assets, not being depreciated	<u>5,247</u>	<u>-</u>	<u>-</u>	<u>5,247</u>
Capital assets, being depreciated				
Fish pond	16,594	-	-	16,594
Gazebo	34,791	-	-	34,791
Entry monuments	146,287	-	-	146,287
Water cistern	5,765	-	-	5,765
Total capital assets, being depreciated	<u>203,437</u>	<u>-</u>	<u>-</u>	<u>203,437</u>
Less accumulated depreciation for:				
Fish pond	(4,980)	(830)	-	(5,810)
Gazebo	(10,434)	(1,739)	-	(12,173)
Entry monuments	(17,556)	(2,927)	-	(20,483)
Water cistern	(888)	(288)	-	(1,176)
Total accumulated depreciation	<u>(33,858)</u>	<u>(5,784)</u>	<u>-</u>	<u>(39,642)</u>
Total capital assets, being depreciated, net	<u>169,579</u>	<u>(5,784)</u>	<u>-</u>	<u>163,795</u>
Governmental activities - Capital assets, net	<u>\$ 174,826</u>	<u>\$ (5,784)</u>	<u>\$ -</u>	<u>\$ 169,042</u>

Depreciation expense was charged for functions/programs of the District as follows:

Governmental activities	<u>\$ 5,784</u>
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ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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>Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
General Obligation Bonds - Series 2006	\$ 5,005,000	\$ -	\$ 5,005,000	\$ -	\$ -
General Obligation Refunding Bonds					
Series 2016	-	5,370,000	-	5,370,000	-
Bonds Premium, Series 2016	-	400,296	-	400,296	21,800
New Developer advances	220,360	-	114,399	105,961	-
Accrued interest on					
New Developer advances	34,021	13,449	45,601	1,869	-
	<u>\$ 5,259,381</u>	<u>\$ 5,783,745</u>	<u>\$ 5,165,000</u>	<u>\$ 5,878,126</u>	<u>\$ 21,800</u>

General Obligation Bonds

On September 30, 2016, the District refunded \$5,005,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2006 with an interest rate of 5.75% by the issuance of \$5,370,000 General Obligation (Limited Tax Convertible to Unlimited Tax Refunding Bonds, Series 2016 (the "Bonds") with interest rates from 3.00% to 5.75%. The proceeds were used for the purposes of (i) establishing an irrevocable trust account to refund the 2006 Bonds on the first date on which they may be redeemed prior to their respective maturities, (ii) funding the debt service reserve requirement of \$372,862.50 (the "Reserve Fund"), (iii) reimbursing the Developer for the prior advancement of capital infrastructure improvement costs, and (iv) paying costs of issuance of the Bonds. The District refunded Series 2006 bonds to obtain new monies and extend the financing period to another 10 years. Therefore, the present value and economic savings calculations were not performed. Restrictions on the monies restricted for interest payments pertaining to the defeased bonds were removed under the new refunding. The bonds were redeemed on December 1, 2016.

The Bonds are term bonds and bear interest from 3.00% to 5.75% (4.66% as arbitrage yield on the bonds), payable semi-annually on June 1 and December 1, beginning on June 1, 2017. The Bonds maturing on December 1, 2033 and thereafter are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2031, and on any date thereafter, upon payment of par plus accrued interest, without redemption premium. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2018. The Bonds mature on December 1, 2036.

The Bonds are secured by and payable from the Pledged Revenue, consisting of the monies derived by the District from the following sources, net of any costs of collection: (i) the Required Mill Levy (an amount sufficient to pay the principal of and interest on the Bonds, but not in excess of 57.475 mills); (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (iii) any other legally available monies which the District determines, in its absolute discretion, to credit to the Revenue Fund.

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property within the District each year in an amount sufficient, to pay the principal and interest on the Bonds as the same become due, and to replenish the Reserve Fund to the extent necessary, but not in excess of 50.000 mills. These mill levies have been adjusted by the Board as a result of subsequent changes in the ratio of actual valuation to assessed valuation which have occurred since 2002. The current adjusted mill levy is 57.475.

The outstanding bond principal and interest matures as follows:

	Governmental Activities		
	Principal	Interest	Total
2017	\$ -	\$ 330,441	\$ 330,441
2018	75,000	282,563	357,563
2019	85,000	280,312	365,312
2020	95,000	277,763	372,763
2021	95,000	274,912	369,912
2022-2026	530,000	1,319,513	1,849,513
2027-2031	660,000	1,191,562	1,851,562
2032-2036	855,000	1,004,413	1,859,413
2037-2041	1,120,000	733,700	1,853,700
2042-2046	1,855,000	372,312	2,227,312
	<u>\$ 5,370,000</u>	<u>\$ 6,067,491</u>	<u>\$ 11,437,491</u>

Developer Advance and Reimbursement Agreement

The District entered into an advance and reimbursement agreement dated March 4, 2004, with Wild Pointe Partners, Inc. (Developer) whereby the Developer agreed to advance funds to the District for construction, operation and maintenance costs, including, but not limited to, legal, accounting, design, engineering and management costs associated with the provision of certain public improvements, facilities and services that are consistent with the public objects and purpose of the District. The District agreed to reimburse the Developer for the advances, together with interest at the rate of seven percent (7%) per annum. Interest shall accrue as of the date each advance is made to the District, provided, however, that no interest shall begin to accrue on any advances made to the District prior to November 26, 2002, the date on which the District was officially formed. The District will make payments for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. This reimbursement obligation is subordinate to any District bonded indebtedness.

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

During 2012, the Developer assigned its rights to payment under the advance and reimbursement agreement to RLF Wild Pointe Properties, LLC (New Developer). At the same time, the New Developer entered into an advance and reimbursement agreement with the District, for which the District agreed to reimburse the New Developer for advances, together with interest at the rate of seven percent (7%) per annum. The District will make payments for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. This reimbursement obligation is subordinate to any District bonded indebtedness.

On August 30, 2016, the District and Elbert & Highway 86 Commercial Metro District (CMD), collectively the Districts, and the New Developer entered into the Advance and Reimbursement Agreement. Pursuant to the agreement, upon the request for an advance, the Districts shall provide substantiation of the need for such advances. Such advances shall not exceed the total aggregate amount of \$100,000 in any given fiscal year without prior written authorization. Furthermore, such advances shall not be used for the payment of any debt or long-term financial obligations, but shall be for operations, maintenance and administrative purposes only. Should the Districts desire funding for capital purposes, the parties must agree in advance to those funding requirements and shall further agree to such terms in writing. In addition, The Districts and the New Developer acknowledge prior advances and the obligation of the Districts to repay, subject to annual appropriation and the budget approval. The obligation of the Districts to repay the outstanding advances is a joint and several obligation, regardless of whether an advance was or is made only to one of the Districts.

As of December 31, 2016, total New Developer advances issued and payable under the District was \$105,961 and accrued interest payable was \$1,869. Total advances issued and payable under the CMD was \$6,133,989 and accrued interest payable was \$2,657,254 through December 31, 2016.

Debt Authorization

On November 5, 2002, the District's voters authorized the issuance of indebtedness in an amount not to exceed \$11,108,500 at an interest rate not to exceed 18%. As of December 31, 2016, the District had authorized but unissued indebtedness allocated for following purposes:

	Amount Authorized on November 2, 2002	Authorization Used Series 2006 Bonds	Authorization Used Series 2016 Refunding Bonds	Authorized But Unissued
Water	\$ 1,655,947	\$ 1,655,947	\$ -	\$ -
Streets	3,390,290	3,390,290	-	-
Storm and sewer drainage	227,895	227,895	-	-
Parks and recreation	225,868	225,868	-	-
Operations and maintenance	108,500	-	-	108,500
Debt refunding	5,500,000	-	5,370,000	130,000
	<u>\$ 11,108,500</u>	<u>\$ 5,500,000</u>	<u>\$ 5,370,000</u>	<u>\$ 238,500</u>

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$5,500,000, with a maximum debt service mill levy of 50.000 mills (see above for discussion of the required mill levy).

NOTE 6 - NET POSITION

Net position consists of three components - net investment in capital assets, restricted, and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

As of December 31, 2016, the District had the following net investment in capital assets, calculated as follows:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net	\$ 169,042
Less: capital related debt	
Noncurrent portion of long-term obligations	(230,122)
Net investment in capital assets	\$ (61,080)

The restricted component of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2016, as follows:

	Governmental Activities
Restricted net position	
Emergency reserves	\$ 6,000
Total restricted net position	\$ 6,000

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The unrestricted component of the District's net position is a deficit. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 - RELATED PARTY

A majority of the members of the Board of Directors of the District are employees of, owners of, or associated with the Developer and New Developer and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer and New Developer.

NOTE 8 – AGREEMENTS

Facilities Fee Agreement

On February 3, 2011, the District entered into a facilities fee agreement with the Developer. The agreement recognized the payment of \$56,000 by the Developer in 2010 and \$112,000 in 2011 for debt service payments, for which the District issued four and eight facilities fees certificates to the Developer, respectively. The agreement also acknowledges that facilities fees certificates may be issued to the Developer for any advances paid to fund operations. The facilities fees and corresponding certificates evidencing payment of such fees may be transferred to subsequent owners or purchasers of property within the District, provided that the facilities fees were not purchased by monies secured by any indebtedness, the repayment of which is secured at least partially by the facilities fees and corresponding certificates. During 2012 and 2013, an additional \$98,000 of facilities fees was paid by the New Developer and seven certificates were issued to the New Developer in each year. In 2014, one additional certificate was issued with the payment of \$14,000 in facilities fee from the New Developer. Since 2014, the District has not issued any additional certificates and all 27 certificates issued have been redeemed.

On October 31, 2014, the District entered into a facility fee agreement with Wild Pointe Investments, LLC (“Developer”). Pursuant to the agreement, the Developer is negotiating for the purchase of 38 lots within the boundaries of the District, each of which is subject to the imposition of the facility fees. The first half (\$7,000) of each facility fees paid to the District is pledged for the repayment of the Bonds. The District agreed to delay the imposition of the second half (\$7,000) of the facility fees that may be due and owing for each lot until such time as a building permit is issued by the County. The Developer shall notify the District’s Manager upon the issuance of any building permit for any lots. The delayed collection of facility fees by the District shall only be effective for any lots purchased by the Developer by July 31, 2016. Through July , 2016, 38 lots were sold to the Developer under this agreement. As of December 31, 2016, the second half of the facility fees has been paid on a cumulative total of 27 lots.

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 8 – AGREEMENTS (CONTINUED)

Purchase and Sale Agreement

On October 7, 2016, the District entered into a purchase and sale agreement with Ritoro Metropolitan District (“Buyer”) to sell an unimproved real property containing approximately 3.829 acres (“Property”) for a purchase price of \$50,000. Pursuant to the agreement, the parties agree and acknowledge that a traffic signal shall need to be installed adjacent to the Property. The District shall be responsible for designing and constructing the traffic signal and the Buyer agrees to pay \$75,000 to the District, in addition to the purchase price, within 24 months of the execution of this agreement. Furthermore, it is the express intent of the parties that: 1) the Property is to be eventually conveyed to the Town of Elizabeth (“Town”) by the Buyer; 2) the Property is to be used for public street and traffic safety purposes; and 3) such public street and traffic safety improvements are to eventually be constructed by the Buyer or the Town.

NOTE 9 – INTERFUND TRANSFERS

The transfer from the Debt Service Fund to the General Fund was for a Developer advance repayment.

NOTE 10 - RISK MANAGEMENT

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

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

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

ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

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

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.

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 has not provided for Emergency Reserves because none of the District's revenues are subject to the TABOR Emergency Reserve requirement.

On November 5, 2002, the District voters passed an election question to increase property taxes \$60,000 annually, without limitation of rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to limitation under TABOR in 2002 and all subsequent years.

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

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 262,929	\$ 262,929	\$ 262,743	\$ (186)
Specific ownership taxes	42,070	43,200	43,810	610
Facility fees	-	77,000	77,000	-
Net investment income	600	1,000	1,252	252
Total revenues	<u>305,599</u>	<u>384,129</u>	<u>384,805</u>	<u>676</u>
EXPENDITURES				
County Treasurer's fee	7,888	7,888	7,804	84
Bond interest	287,787	143,894	143,894	-
Bond principal	100,000	-	-	-
Paying agent fees	2,500	1,250	1,250	-
Cost of issuance	-	328,227	328,227	-
Contingency	1,825	24,847	22	24,825
Total expenditures	<u>400,000</u>	<u>506,106</u>	<u>481,197</u>	<u>24,909</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(94,401)</u>	<u>(121,977)</u>	<u>(96,392)</u>	<u>25,585</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	5,770,296	5,770,296	-
Payment to escrow account	-	(5,148,894)	(5,148,894)	-
Transfers from (to) other funds	50,000	(160,000)	(160,000)	-
Total other financing sources (uses)	<u>50,000</u>	<u>461,402</u>	<u>461,402</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(44,401)	339,425	365,010	25,585
FUND BALANCES - BEGINNING OF YEAR	<u>45,207</u>	<u>46,653</u>	<u>46,653</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 806</u>	<u>\$ 386,078</u>	<u>\$ 411,663</u>	<u>\$ 25,585</u>

OTHER INFORMATION

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2016**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mill Levy		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2012	\$ 3,184,500	0.000	57.475	\$ 183,029	\$ 183,029	100.0%
2013	\$ 2,426,940	0.000	57.475	\$ 139,488	\$ 139,122	99.7%
2014	\$ 2,999,120	0.000	57.475	\$ 172,374	\$ 172,375	100.0%
2015	\$ 3,390,279	0.000	57.475	\$ 194,856	\$ 194,856	100.0%
2016	\$ 4,574,660	0.000	57.475	\$ 262,929	\$ 262,743	99.9%
Estimated for year ending December 31, 2017	\$ 5,302,800	0.000	57.475	\$ 304,778		

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$5,370,000 General Obligation Refunding Bonds
(Limited Tax Convertible to Unlimited Tax)
Series 2016, Dated September 30, 2016
3.00%-5.75% Term Bonds Due December 1, 2046
Interest Payable June 1 and December 1,
Principal Due December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 330,441	\$ 330,441
2018	75,000	282,563	357,563
2019	85,000	280,312	365,312
2020	95,000	277,763	372,763
2021	95,000	274,912	369,912
2022	100,000	272,063	372,063
2023	100,000	268,062	368,062
2024	105,000	264,063	369,063
2025	110,000	259,862	369,862
2026	115,000	255,463	370,463
2027	120,000	250,862	370,862
2028	125,000	244,863	369,863
2029	130,000	238,612	368,612
2030	140,000	232,113	372,113
2031	145,000	225,112	370,112
2032	155,000	217,863	372,863
2033	160,000	210,112	370,112
2034	170,000	202,113	372,113
2035	180,000	192,337	372,337
2036	190,000	181,988	371,988
2037	200,000	171,062	371,062
2038	210,000	159,563	369,563
2039	225,000	147,487	372,487
2040	235,000	134,550	369,550
2041	250,000	121,038	371,038
2042	265,000	106,662	371,662
2043	280,000	91,425	371,425
2044	295,000	75,325	370,325
2045	310,000	58,363	368,363
2046	705,000	40,537	745,537
	<u>\$ 5,370,000</u>	<u>\$ 6,067,491</u>	<u>\$ 11,437,491</u>

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
SECTION 1 - SEMI-ANNUAL REPORT
AD VALOREM PROPERTY TAX AND OTHER DATA**

Historical Completion, Actual Valuation, Assessed Valuation, Debt Mill Levy and Ratios

<u>Occupancy/Levy /Collection Year</u>	<u>Occupied Homes</u>	<u>Vacant Lots</u>	<u>Actual Values</u>	<u>Assessed Valuation</u>	<u>District Bonded Debt</u>	<u>Actual Valuation as a Ratio of Debt</u>	<u>Debt as a Ratio of Assessed Valuation</u>	<u>Bond Fund Mill Levy</u>
2009/2010/2011	47	134	\$ 32,709,847	\$ 3,851,410	\$ 5,420,000	6.04	140.7%	57.475
2010/2011/2012	50	131	\$ 26,820,423	\$ 3,184,500	\$ 5,340,000	5.02	168.1%	57.475
2011/2012/2013	53	128	\$ 25,158,835	\$ 2,426,940	\$ 5,255,000	4.78	217.0%	57.475
2012/2013/2014	61	120	\$ 29,660,123	\$ 2,999,120	\$ 5,170,000	5.74	172.4%	57.475
2013/2014/2015	76	105	\$ 35,780,908	\$ 3,390,279	\$ 5,090,000	7.03	150.1%	57.475
2014/2015/2016	95	86	\$ 52,273,828	\$ 4,574,660	\$ 5,005,000	10.44	109.4%	57.475
2015/2016/2017	115	66	\$ 62,871,118	\$ 5,302,800	\$ 5,370,000	11.71	101.3%	57.475

Historical Tax Collections

<u>Levy/Collection Year</u>	<u>Total Taxes Levied</u>	<u>Total Current Taxes Collected</u>	<u>Percent Collected to Levied</u>	<u>Net of County Levy</u>
2010/2011	\$ 221,360	\$221,360	100.0%	\$ 221,359
2011/2012	\$ 183,029	\$183,029	100.0%	\$ 177,531
2012/2013	\$ 139,488	\$139,122	99.7%	\$ 134,981
2013/2014	\$ 172,374	\$172,374	100.0%	\$ 167,250
2014/2015	\$ 194,856	\$194,856	100.0%	\$ 189,083
2015/2016	\$ 262,929	\$262,743	99.9%	\$ 254,939

2016 Final Certified Assessed and "Actual" Valuation of Classes of Property in the District

<u>Class</u>	<u>Assessed Valuation</u>	<u>% of Assessed Valuation</u>	<u>"Actual" Valuation</u>	<u>% of "Actual" Valuation</u>
Vacant	\$ 375,960	7%	\$ 1,296,984	2%
Residential	4,891,620	92%	61,452,972	98%
Agricultural	1,080	0%	3,422	0%
State Assessed	33,680	1%	116,150	0%
Natural Resources	460	0%	1,590	0%
Total	<u>\$ 5,302,800</u>	<u>100%</u>	<u>\$ 62,871,118</u>	<u>100%</u>

2016 Sample District Mill Levy

<u>Taxing Entity</u>	<u>2016 Mill Levy</u>
Elbert County	28.065
Elbert County Library District	2.516
Elizabeth Fire Protection District	13.742
Elizabeth Park and Recreation District	2.466
Elizabeth School District No. C-1	35.836
Kiowa Soil Conservation District	0.000
Sample Overlapping Mill Levy	82.625
The District	57.475
Sample Total Mill Levy	<u>140.100</u>

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
SECTION 1 - SEMI-ANNUAL REPORT
GENERAL OBLIGATION DEBT**

Estimated Overlapping General Obligation Debt

Overlapping Entity	2016 Certified Assessed Valuation	Outstanding General Obligation Debt	Estimated Net Debt Chargeable to Properties in the District	
			<u>Percent</u>	<u>Amount</u>
Elizabeth School District No. C-1	\$ 176,993,460	\$ 4,665,000	2.6%	\$ 121,290
Elizabeth Park and Recreation District	168,976,089	360,000	2.7%	9,720
Total	<u>\$ 345,969,549</u>	<u>\$ 5,025,000</u>		<u>\$ 131,010</u>