

**GOLDSMITH METROPOLITAN DISTRICT**  
**Arapahoe and Denver Counties, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2016**



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Certified Public Accountants and Business Consultants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Goldsmith Metropolitan District  
Arapahoe and Denver Counties, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Goldsmith Metropolitan District (the 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 Goldsmith Metropolitan District, as of December 31, 2016, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund and the Special Revenue Fund – Block K Subdistrict for the year ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

I

Barnes Griggs & Associates, PC

## **Other Matters**

### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operation, 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 basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Danner Higgin & Associates, PC*

Lakewood, Colorado  
April 25, 2017

## **BASIC FINANCIAL STATEMENTS**

**GOLDSMITH METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2016**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 11,763,887
Cash and investments - Restricted	250,082
Receivables - other	88,328
Receivables - property tax	5,954,721
Prepaid expense	37,743
Investment in Block K	143,708
Noncurrent assets	
Investment in Block K	4,472,311
Capital assets, not being depreciated	18,790,556
Capital assets, net	<u>17,415,904</u>
Total assets	<u>58,917,240</u>
<b>LIABILITIES</b>	
Accounts payable	276,116
Due to County	47,786
Due to Meridian Metro	114,000
Security deposits - ACC	259,500
Accrued interest payable	9,078
Noncurrent liabilities	
Due within one year - Block K	143,708
Due in more than one year - Block K	<u>4,472,311</u>
Total liabilities	<u>5,322,499</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	<u>5,954,721</u>
Total deferred inflows of resources	<u>5,954,721</u>
<b>NET POSITION</b>	
Net investments in capital assets	33,758,813
Restricted for:	
Emergency reserves	175,000
Capital projects	30,240
Unrestricted	<u>13,675,967</u>
Total net position	<u><u>\$ 47,640,020</u></u>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 1,423,833	\$ 135,330	\$ 122,005	\$ 140,976	\$ (1,025,522)
Parks and open space	3,946,710	100,716	2,090	-	(3,843,904)
Interest on long-term obligations and related costs	106,651	-	10,000	-	(96,651)
	<u>\$ 5,477,194</u>	<u>\$ 236,046</u>	<u>\$ 134,095</u>	<u>\$ 140,976</u>	<u>(4,966,077)</u>
General revenues:					
Property taxes					5,958,980
Specific ownership taxes					429,248
Net investment income					174,645
Gain on sale of capital asset					12,354
Total general revenues					<u>6,575,227</u>
Change in net position					1,609,150
Net position - Beginning					<u>46,030,870</u>
Net position - Ending					<u>\$ 47,640,020</u>

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

**GOLDSMITH METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

	General	Capital Projects	Special Revenue - Block K	Debt Service - Block K	Capital Projects - Block K	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 2,170,936	\$ 9,592,951	\$ -	\$ -	\$ -	\$ 11,763,887
Cash and investments - Restricted	175,000	37,365	7,477	-	30,240	250,082
Receivable - County Treasurer	29,372	17	2,394	1,197	-	32,980
Accounts receivable	32,911	-	-	-	-	32,911
Developer contribution receivable	-	-	-	22,437	-	22,437
Prepaid expense	37,743	-	-	-	-	37,743
Due from Block K	22,437	-	-	-	-	22,437
Property tax receivable	5,268,642	-	457,386	228,693	-	5,954,721
Investment in Block K	-	4,616,019	-	-	-	4,616,019
<b>TOTAL ASSETS</b>	<b>\$ 7,737,041</b>	<b>\$ 14,246,352</b>	<b>\$ 467,257</b>	<b>\$ 252,327</b>	<b>\$ 30,240</b>	<b>\$ 22,733,217</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 164,239	\$ 111,877	\$ -	\$ -	\$ -	\$ 276,116
Due to Goldsmith Metro	-	-	-	22,437	-	22,437
Due to County	44,401	3,385	-	-	-	47,786
Due to Meridian Metro	-	114,000	-	-	-	114,000
Security deposits - ACC	259,500	-	-	-	-	259,500
Total liabilities	468,140	229,262	-	22,437	-	719,839
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenue	5,268,642	-	457,386	228,693	-	5,954,721
Total deferred inflows of resources	5,268,642	-	457,386	228,693	-	5,954,721
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid expense	37,743	-	-	-	-	37,743
Restricted for:						
Emergency reserve	175,000	-	-	-	-	175,000
Debt service	-	-	-	1,197	-	1,197
Capital projects	-	-	-	-	30,240	30,240
Committed:						
ACC reserve	133,345	-	-	-	-	133,345
Assigned:						
Subsequent year's expenditures	-	5,208,383	-	-	-	5,208,383
Special revenue	-	-	9,871	-	-	9,871
Capital projects	-	8,808,707	-	-	-	8,808,707
Unassigned	1,654,171	-	-	-	-	1,654,171
Total fund balances	2,000,259	14,017,090	9,871	1,197	30,240	16,058,657
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,737,041</b>	<b>\$ 14,246,352</b>	<b>\$ 467,257</b>	<b>\$ 252,327</b>	<b>\$ 30,240</b>	

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.	36,206,460
Long-term liabilities, including obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Intergovernmental obligation	(4,616,019)
Accrued intergovernmental obligation interest payable	(9,078)
Net position of governmental activities	<u>\$ 47,640,020</u>

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

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

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue - Block K</u>	<u>Debt Service - Block K</u>	<u>Capital Projects - Block K</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property taxes	\$ 5,317,424	\$ -	\$ 427,703	\$ 213,853	\$ -	\$ 5,958,980
Specific ownership taxes	380,066	-	32,788	16,394	-	429,248
In-lieu income	122,005	-	-	-	-	122,005
Tap fees	-	141,300	-	-	-	141,300
Investment income	2,753	167,916	3,634	342	-	174,645
Miscellaneous income	370	1,615	-	-	-	1,985
System development fees	-	-	-	10,000	-	10,000
Water sales	100,716	-	-	-	-	100,716
ACC fees	133,345	-	-	-	-	133,345
Reimbursed expenditures	2,090	12,030	-	-	-	14,120
Total revenues	<u>6,058,769</u>	<u>322,861</u>	<u>464,125</u>	<u>240,589</u>	<u>-</u>	<u>7,086,344</u>
<b>EXPENDITURES</b>						
Accounting	40,700	17,443	-	-	-	58,143
Audit	7,269	-	-	-	-	7,269
ACC expenditures	168,586	-	-	-	-	168,586
Board support	20,736	-	-	-	-	20,736
Consulting	14,122	-	-	-	-	14,122
Contingency	-	18,768	-	-	-	18,768
Database maintenance	2,783	-	-	-	-	2,783
Dues and subscriptions	5,938	-	-	-	-	5,938
Insurance	34,959	-	-	-	-	34,959
Interest expense	-	-	-	101,500	-	101,500
Legal services	19,636	-	-	-	-	19,636
Maintenance	2,859,310	-	-	-	-	2,859,310
Payroll tax	375	-	-	-	-	375
Principal expense - Scheduled	-	-	-	105,000	-	105,000
Principal expense - Paydown	-	-	-	38,666	-	38,666
Greenwood ACC	18,657	-	-	-	-	18,657
Special events	65,227	-	-	-	-	65,227
Support management	93,276	93,276	-	-	-	186,552
County Treasurer's fees	64,789	-	6,426	3,213	-	74,428
Operations support	-	-	453,643	-	-	453,643
Utilities	287,089	-	-	-	-	287,089
Capital outlay	-	1,049,534	-	-	18,838	1,068,372
Total expenditures	<u>3,703,452</u>	<u>1,179,021</u>	<u>460,069</u>	<u>248,379</u>	<u>18,838</u>	<u>5,609,759</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,355,317</u>	<u>(856,160)</u>	<u>4,056</u>	<u>(7,790)</u>	<u>(18,838)</u>	<u>1,476,585</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (out)	(2,174,621)	2,174,621	-	-	-	-
Total other financing sources (uses)	<u>(2,174,621)</u>	<u>2,174,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	180,696	1,318,461	4,056	(7,790)	(18,838)	1,476,585
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,819,563</u>	<u>12,698,629</u>	<u>5,815</u>	<u>8,987</u>	<u>49,078</u>	<u>14,582,072</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,000,259</u>	<u>\$ 14,017,090</u>	<u>\$ 9,871</u>	<u>\$ 1,197</u>	<u>\$ 30,240</u>	<u>\$ 16,058,657</u>

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

**GOLDSMITH 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 change in fund balances - Total governmental funds	\$ 1,476,585
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Current year capital assets	907,496
Depreciation	(913,313)
Disposal of capital assets	(3,346)

The issuance of long-term debt (e.g. bonds, leases, and other obligations) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payment - intergovernmental obligation	143,666
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on intergovernmental obligation - Change in liability	(1,938)
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Changes in net position of governmental activities	<u>\$ 1,609,150</u>
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These financial statements should be read only in connection with the accompanying notes to financial statements.

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

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 5,361,722	\$ 5,361,722	\$ 5,317,424	\$ (44,298)
Specific ownership taxes	375,320	375,320	380,066	4,746
In-lieu income	136,631	136,631	122,005	(14,626)
Investment revenue	112,983	112,983	-	(112,983)
Investment income - ACC	400	400	2,753	2,353
Water sales	75,000	75,000	100,716	25,716
ACC fees	50,000	50,000	133,345	83,345
Miscellaneous income	-	-	370	370
Reimbursed expenditures	5,000	5,000	2,090	(2,910)
Total revenues	<u>6,117,056</u>	<u>6,117,056</u>	<u>6,058,769</u>	<u>(58,287)</u>
<b>EXPENDITURES</b>				
Accounting	43,400	43,400	40,700	2,700
Audit	10,600	10,600	7,269	3,331
ACC expenditures	240,000	240,000	168,586	71,414
Board support	18,000	20,000	20,736	(736)
Consulting	25,000	25,000	14,122	10,878
Contingency	50,000	50,000	-	50,000
Database maintenance	-	-	2,783	(2,783)
Dues and subscriptions	7,000	7,000	5,938	1,062
Facility lease	40,000	40,000	-	40,000
Insurance	35,000	35,000	34,959	41
Legal services	40,000	40,000	19,636	20,364
Maintenance				
Tech Center labor	2,294,000	2,414,000	2,426,847	(12,847)
Contract services	413,000	413,000	199,680	213,320
Materials	340,000	340,000	232,783	107,217
Payroll tax	450	450	375	75
Greenwood ACC	-	-	18,657	(18,657)
Special events	75,000	75,000	65,227	9,773
Support management	95,550	95,550	93,276	2,274
County Treasurer's fees	65,347	65,347	64,789	558
Utilities	320,000	320,000	287,089	32,911
Total expenditures	<u>4,112,347</u>	<u>4,234,347</u>	<u>3,703,452</u>	<u>530,895</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,004,709</u>	<u>1,882,709</u>	<u>2,355,317</u>	<u>472,608</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	(1,800,309)	(2,130,309)	(2,174,621)	(44,312)
Total other financing sources (uses)	<u>(1,800,309)</u>	<u>(2,130,309)</u>	<u>(2,174,621)</u>	<u>(44,312)</u>
<b>NET CHANGE IN FUND BALANCES</b>	204,400	(247,600)	180,696	428,296
<b>FUND BALANCES - BEGINNING OF YEAR</b>	1,876,971	1,862,985	1,819,563	(43,422)
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,081,371</u>	<u>\$ 1,615,385</u>	<u>\$ 2,000,259</u>	<u>\$ 384,874</u>

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

**GOLDSMITH METROPOLITAN DISTRICT  
SPECIAL REVENUE FUND - BLOCK K SUBDISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Budgets</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 427,703	\$ 427,703	\$ 427,703	\$ -
Specific ownership taxes	29,940	34,940	32,788	(2,152)
Investment income	300	2,300	3,634	1,334
Total revenues	<u>457,943</u>	<u>464,943</u>	<u>464,125</u>	<u>(818)</u>
<b>EXPENDITURES</b>				
Operations support	457,342	464,342	453,643	10,699
County Treasurer's fees	6,416	6,416	6,426	(10)
Total expenditures	<u>463,758</u>	<u>470,758</u>	<u>460,069</u>	<u>10,689</u>
<b>NET CHANGE IN FUND BALANCES</b>	(5,815)	(5,815)	4,056	9,871
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>5,815</u>	<u>5,815</u>	<u>5,815</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,871</u>	<u>\$ 9,871</u>

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

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Goldsmith Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in 1975, 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 in the City and County of Denver, Colorado, and the City of Greenwood Village, Arapahoe County, Colorado. The District was organized to provide storm sewer improvements, street improvements, parks and recreational facilities and safety protection services.

On November 4, 2003, the Block K Subarea was formed (Subdistrict). The Subdistrict finances the capital and operating costs of development within an area known as Block K of the Denver Technological Center. The formation of the Subdistrict allows the District to fix different rates of levy for property tax purposes against property contained solely in the subarea.

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

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

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

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

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

**Government-wide and Fund Financial Statements**

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

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

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

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

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

Separate financial statements are provided for 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or when 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 General Fund also accounts for the financial resources of the ACC Fund.

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

The Special Revenue Fund - Block K is used to account for financial resources to be used for the general operations related to the Block K subarea.

The Debt Service Fund - Block K accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds related to the Block K subarea.

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

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

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

**Budgets**

In accordance with the State Budget Law, 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 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 amended its annual budget for the year ended December 31, 2016.

**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.

**Interfund Balances**

The District reports interfund balances (receivables and payables) that are representative of agreements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

**Property Taxes**

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

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

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

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

**Accounts Receivable, Allowance for Doubtful Accounts**

User fees constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported by the District. 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.

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 are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives.

Parks and open space	15-40 years
Infrastructure	30 years
Other improvements	15-30 years

**Tap Fees and Contributed Assets**

Tap fees are paid for the right to connect to the District's water facilities and are recorded as capital contributions when received. Public improvements contributed to the District by other entities are recorded as capital contributions and additions to capital assets at estimated fair value when received.

**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 type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is reported in the governmental funds balance sheet and in the statement of net position. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

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

**Equity**

**Net Position**

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as debt holders), 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.
- *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.

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS**

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

Statement of net position:

Cash and investments	\$ 11,504,387
Cash and investments - ACC security deposits	259,500
Cash and investments - Restricted	<u>250,082</u>
Total cash and investments	<u><u>\$ 12,013,969</u></u>
Deposits with financial institutions	\$ 288,139
Investments	<u>11,725,830</u>
Total cash and investments	<u><u>\$ 12,013,969</u></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 \$340,139 and a carrying balance of \$288,139.

**Investments**

The District has adopted a formal investment policy which follows state statutes regarding investments.

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:

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

- . 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

**Fair Value Measurement and Application**

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.

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

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 11,725,830</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 any security allowed under CRS 24-75-601. 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.

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - CAPITAL ASSETS**

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

	<u>Balance at December 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2016</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and right-of-ways	\$ 6,249,005	\$ -	\$ -	\$ 6,249,005
Landscaping	11,475,850	-	-	11,475,850
Water taps	1,069,047	-	3,346	1,065,701
Total capital assets, not being depreciated	<u>18,793,902</u>	<u>-</u>	<u>3,346</u>	<u>18,790,556</u>
Capital assets, being depreciated:				
Parks and open space				
Fence	294,370	-	-	294,370
Fountains	1,294,726	-	-	1,294,726
Park and open space improvements	16,426,084	609,973	-	17,036,057
Infrastructure				
Street improvements	2,926,041	-	-	2,926,041
Transportation	1,420,897	14,890	-	1,435,787
Other improvements				
Signage	974,188	110,246	-	1,084,434
Wells/irrigation	5,011,010	143,228	-	5,154,238
Office building	733,807	29,159	-	762,966
Total capital assets, being depreciated	<u>29,081,123</u>	<u>907,496</u>	<u>-</u>	<u>29,988,619</u>
Less accumulated depreciation for:				
Fence	132,117	9,812	-	141,929
Fountains	351,926	43,158	-	395,084
Park and open space improvements	6,073,467	469,953	-	6,543,420
Street improvements	1,014,876	97,535	-	1,112,411
Transportation	716,402	47,611	-	764,013
Signage	793,792	30,153	-	823,945
Wells/irrigation	2,493,543	190,145	-	2,683,688
Office building	83,279	24,946	-	108,225
Total accumulated depreciation	<u>11,659,402</u>	<u>913,313</u>	<u>-</u>	<u>12,572,715</u>
Total capital assets, being depreciated, net	<u>17,421,721</u>	<u>(5,817)</u>	<u>-</u>	<u>17,415,904</u>
Governmental activities capital assets, net	<u>\$ 36,215,623</u>	<u>\$ (5,817)</u>	<u>\$ 3,346</u>	<u>\$ 36,206,460</u>

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Water taps at December 31, 2016, in the amount of \$1,065,701 represents 637 taps at the original purchase amount of \$1,673 per tap. Of the 637 taps remaining, 357 are reserved per the Infrastructure Cooperation Agreement (see NOTE 8).

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

**Governmental Activities:**

General government	\$ 443,360
Parks and open space	469,953
Total depreciation expense - Governmental activities	<u>\$ 913,313</u>

**NOTE 5 - LONG-TERM OBLIGATIONS**

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

	<b>Balance at December 31, 2015</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at December 31, 2016</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Intergovernmental					
Obligation - Block K	\$ 4,759,685	\$ -	\$ 143,666	\$ 4,616,019	\$ 143,708

The detail of the District's long-term obligation is as follows:

In 2004 the District issued its \$5,300,000 General Obligation Variable Rate Bonds, Series 2004, with a maximum interest rate of 9%. The bonds were issued for the construction of improvements that benefitted the Goldsmith Metropolitan District Block K Subdistrict (the Subdistrict). As consideration for the issuance of the bonds and in accordance with a Funding Agreement dated July 1, 2004, between the District, the Subdistrict and the Developer, the Subdistrict agreed to impose within the Subdistrict a debt service mill levy of 30 mills (subject to adjustment but not more than 50 mills) in each year while the bonds were outstanding, and to transfer revenues from the mill levy to the District for the purpose of paying debt service on the 2004 Bonds. In addition, the Developer agreed to pay the difference, if any, between the annual principal and interest payments and the proceeds from the Subdistrict's mill levy and other available revenues.

In order to avoid repetitive and increasingly burdensome costs associated with a letter of credit securing the 2004 Bonds, the District redeemed the principal balance of \$4,960,000 with cash reserves on November 1, 2014. As a result of the redemption, the Funding Agreement between the District, the Subdistrict, and the Developer was amended and restated on November 1, 2014. The Agreement continues the obligation of the Subdistrict to make scheduled principal payments consistent with the previous schedule of payments under the Bonds in order to reimburse the District in the amount of the 2004 Series bond redemption. The obligation carries

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

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

interest on the outstanding principal amount at a rate calculated as the Average 30-Day Yield published for COLOTRUST PLUS+ as of each June 1 and December 1 plus 1.50%. The Agreement also continues the Developer's obligation to pay the difference, if any, between the annual principal and interest payments and the proceeds from the Subdistrict's mill levy and other available revenues.

Using the variable interest rate at December 31, 2016, of 2.36% for the Intergovernmental Obligation, the District's long-term obligations would mature as follows:

	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 143,708	\$ 108,938	\$ 252,646
2018	115,000	105,547	220,547
2019	120,000	102,833	222,833
2020	145,000	100,001	245,001
2021	150,000	96,579	246,579
2022-2026	1,070,000	419,411	1,489,411
2027-2031	1,635,000	267,899	1,902,899
2032-2034	1,237,311	57,513	1,294,824
	\$ 4,616,019	\$ 1,258,721	\$ 5,874,740

Using estimated interest rates of 2.00% to 5.00% for the Intergovernmental Obligation, the District's long-term obligations would mature as follows:

	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 143,708	\$ 92,320	\$ 236,028
2018	115,000	100,627	215,627
2019	120,000	108,933	228,933
2020	145,000	116,526	261,526
2021	150,000	133,000	283,000
2022-2026	1,070,000	802,139	1,872,139
2027-2031	1,635,000	567,580	2,202,580
2032-2034	1,237,311	121,848	1,359,159
	\$ 4,616,019	\$ 2,042,973	\$ 6,658,992

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

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

**Authorized Debt**

On November 4, 2003, a majority of the qualified electors of the Block K Subdistrict authorized the issuance of indebtedness in an amount not to exceed \$53,000,000 at an interest rate of 12% per annum. The authorization consists of \$15,000,000 for the financing of new improvements, \$8,000,000 for funding operations and maintenance costs, and \$30,000,000 for the purposes of debt refunding. At December 31, 2016, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<b>Authorized November 4, 2003 Election</b>	<b>Authorization Used</b>	<b>Remaining at December 31, 2016</b>
Streets	\$ 5,000,000	\$ -	\$ 5,000,000
Parks and recreation	5,000,000	-	5,000,000
Storm drainage	5,000,000	-	5,000,000
Operations and maintenance	8,000,000	-	8,000,000
Debt refunding	30,000,000	-	30,000,000
	<u>\$ 53,000,000</u>	<u>\$ -</u>	<u>\$ 53,000,000</u>

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$140,000,000 at an interest rate not to exceed 12% per annum. The authorization consists of \$40,000,000 for the financing of new improvements and \$100,000,000 for the purpose of debt refunding. At December 31, 2016, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<b>Authorized May 4, 2004 Election</b>	<b>Authorization Used 2004 Bonds</b>	<b>Remaining at December 31, 2016</b>
Streets	\$ 10,000,000	\$ 1,749,000	\$ 8,251,000
Parks and recreation	10,000,000	3,148,200	6,851,800
Transportation	10,000,000	-	10,000,000
Storm drainage	10,000,000	402,800	9,597,200
Debt refunding	100,000,000	-	100,000,000
	<u>\$ 140,000,000</u>	<u>\$ 5,300,000</u>	<u>\$ 134,700,000</u>

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 6 - NET POSITION**

The District has net position consisting of three components - net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets 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 net investments in capital assets as follows:

	<b>Governmental Activities</b>
Net investment in capital assets	
Capital assets, net	\$ 36,206,460
Noncurrent portion of long-term obligations	(2,463,788)
Portion of debt related to restricted cash and investments	16,141
	<b>\$ 33,758,813</b>

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

	<b>Governmental Activities</b>
Restricted net position:	
Emergency reserves	\$ 175,000
Capital projects	30,240
Total restricted net position	<b>\$ 205,240</b>

The District's unrestricted net position as of December 31, 2016 is \$13,675,967.

**NOTE 7 - COVENANT OBLIGATIONS**

Effective December 1, 2004, the District entered into an agreement regarding covenant obligations and support services with TCD North, Inc. (North), DTC West Land Venture (DTC), the Architectural Control Committee of the Denver Technological Center (ACC) and the Design Control Committee of Regency West Denver Tech Center (DCC). ACC and DCC are committees created to administer the protective covenants of properties which lie in the District's service area. With this agreement, North, DTC, ACC and DCC have delegated to the District the responsibility for the performance of certain functions and duties pursuant to the protective covenants. Due to North's familiarity and involvement with matters relating to the protective covenants, the parties agreed that North would continue to provide the services needed to administer the covenants. All of North's rights and obligations under this agreement

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 7 - COVENANT OBLIGATIONS (CONTINUED)**

have been assigned to Shea (as defined in Note 9). ACC and DCC will continue to bear responsibility for and exercise all the powers granted and/or assigned to them in the protective covenants.

Effective January 1, 2013, the agreement was updated to include provisions for the District to fund ACC and DCC to the extent that the service charges are not sufficient to cover the full cost of operations. The agreement terminates on December 31, 2022.

At December 31, 2016, the District had \$266,558 in cash and investments and liabilities of \$264,936 related to the ACC and DCC covenant obligations composed of payables and security deposits being held by the District.

For each calendar year following 2013, the management fee shall be increased by the increase, if any, in the Denver-Boulder CPI for the prior year. The fee for 2016 was \$160,000.

**NOTE 8 - INTERGOVERNMENTAL AGREEMENTS**

**City and County of Denver**

Water service is provided to occupants in the area formerly known as Denver Suburban Water District (Denver Suburban) by the City and County of Denver through its Board of Water Commissioners (Board). Under an agreement with the Board dated April 14, 1976, all water lines constructed by Denver Suburban will be conveyed to the Board when completed. The Board bills the individual users for water furnished and is responsible for maintenance and replacement of the lines conveyed. Denver Suburban was legally dissolved on March 28, 2013. All of Denver Suburban's assets, liabilities and contractual obligations were absorbed by the District.

**South Denver Metropolitan District - 1991 Water Tap Connection Agreement**

In an agreement dated June 18, 1991, Denver Suburban paid the South Denver Metropolitan District \$2,500,000 for all remaining rights to obtain water tap connections from the Denver Water Board within a geographic area defined in an agreement dated September 13, 1983, between The City and County of Denver, Denver Tech Center Associates, and Quincy Investments Company, which had been subsequently assigned to the South Denver Metropolitan District. These water tap connections are utilized for newly developing parcels within the aforementioned geographic area as the underlying mechanism for a supplementary tap fee to recoup costs as well as fund the construction of additional infrastructure. As of December 31, 2016, a total of 865 of the original 1,502 ( $\frac{3}{4}$ " equivalent) tap rights had been sold in this manner. The current District's (f/k/a Denver Suburban) sale price for a single  $\frac{3}{4}$ " equivalent tap is \$7,850. Of the 637 remaining taps, 357 are reserved per the Infrastructure Cooperation Agreement. Denver Suburban was legally dissolved on March 28, 2013. The agreement was assigned to the District by the dissolution of Denver Suburban.

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 8 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

**Infrastructure Cooperation Agreement (ICA)**

In an agreement dated May 9, 2006, the District (f/k/a Denver Suburban), Belquince LTD. Liability Co., and Madre Investment Co., LLC entered into an agreement for tap rights. Belquince and Madre (Owners) agreed to purchase 500 tap rights from the District (f/k/a Denver Suburban). The Owners, or their successors, agree to purchase the 500 taps from the District (f/k/a Denver Suburban) at the current sale price and shall not acquire tap rights from any other source until the 500 tap rights are exhausted. Within 60 days of receipt of these tap rights the District (f/k/a Denver Suburban) will reimburse to the Owners 50% of the tap fee paid for any tap rights by the Owners or any other builder on the Owners' parcel. This reimbursement is intended to cover the costs for construction of water facilities the Owners may have to construct within the District (f/k/a Denver Suburban). The parties agree that the District (f/k/a Denver Suburban) shall not be required to construct or extend, or pay to participate in the construction or extension of water mains or other water facilities required for the development of the Owners' parcel. Denver Suburban was legally dissolved on March 28, 2013. The agreement was assigned to the District by the dissolution of Denver Suburban.

During 2016, the District received no payment for taps related to the ICA. The remaining balance of taps available under the ICA is 357 as of December 31, 2016.

**NOTE 9 - RELATED PARTIES**

The Developer of the property within the District is Shea Colorado, LLC and its affiliates (Shea, or Developer). Three of the five Board members of the District are employed by or provide services to a business or businesses that are involved with, may become involved with, or are directly and substantially affected by the activities of the District, and all Board members own real property that is located in the District. These relationships and ownerships, in certain circumstances, may give the appearance that conflicting interests could affect their official activities as Board members but as a general matter they do not disqualify them to serve as Board members. As and when required by law, each affected Board member files a written disclosure of any potential conflicts of interest with the District and the Colorado Secretary of State, and they refrain from voting on affected matters unless allowed by law.

During 2016, the District paid Shea \$186,552 for management services. The District also paid Tech Center Maintenance (affiliate of Shea) \$2,904,612 for landscape services and maintenance.

The District has entered into an agreement with TCD North in regards to the Block K Intergovernmental Obligation whereby TCD North will pay the difference, if any, between the annual principal and interest payments of the Intergovernmental Obligation and the proceeds from the Subdistrict's mill levy and other available revenue. All of TCD North's rights and obligations have been assigned to Shea.

**GOLDSMITH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 10 - INTERFUND TRANSFERS**

The transfer from the General Fund to Capital Projects Fund was the result of excess cash in the District's General Fund and a District goal to reserve approximately half of the current expenditures in the General Fund.

**NOTE 11 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to 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, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS**

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

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

On November 4, 1997, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District for 1997 and any year thereafter, without regard to any limitations under TABOR.

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

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

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

**SUPPLEMENTARY INFORMATION**

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

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Tap fees	\$ -	\$ 141,300	\$ 141,300
Investment income	20,000	66,416	46,416
Investment revenue	132,631	101,500	(31,131)
Miscellaneous income	-	1,615	1,615
Reimbursed expenditures	20,000	12,030	(7,970)
Total revenues	<u>172,631</u>	<u>322,861</u>	<u>150,230</u>
<b>EXPENDITURES</b>			
Accounting	18,700	17,443	1,257
Consulting	45,000	-	45,000
Support management	91,000	93,276	(2,276)
Transportation			
Median renovation	400,000	75,904	324,096
Orchard RTD walk	300,000	-	300,000
Landscape/identity			
Bullock park	10,000	-	10,000
Entry area improvements	700,000	58,873	641,127
Identity walls	100,000	22,726	77,274
Lighting upgrades	50,000	17,714	32,286
Monaco rehab	200,000	-	200,000
Park/landscape upgrades	100,000	311,508	(211,508)
Street trees	150,000	123,248	26,752
Wells/irrigation			
Irrigation electrical upgrade	50,000	17,105	32,895
Irrigation main line repair	150,000	117,135	32,865
North well replacement	1,377,756	-	1,377,756
Miscellaneous projects			
Bus shelters/stops	-	14,890	(14,890)
DTC signals	175,000	-	175,000
Electrical cabinets	20,000	8,988	11,012
GMW Park WQ structure	649,000	-	649,000
Goldsmith Gulch mucking	100,000	12,011	87,989
HQ restoration	300,000	29,159	270,841
Park bench/table replacement	10,000	-	10,000
Park painting	100,000	31,741	68,259
S Ulster Circle/GWL repairs	300,000	-	300,000
Sidewalk repairs	50,000	78,579	(28,579)
Signal painting	200,000	19,707	180,293
Street sign replacement	600,000	110,246	489,754
Contingency	75,000	18,768	56,232
Total expenditures	<u>6,321,456</u>	<u>1,179,021</u>	<u>5,142,435</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>(6,148,825)</u>	<u>(856,160)</u>	<u>5,292,665</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	<u>1,800,309</u>	<u>2,174,621</u>	<u>374,312</u>
Total other financing sources (uses)	<u>1,800,309</u>	<u>2,174,621</u>	<u>374,312</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(4,348,516)</u>	<u>1,318,461</u>	<u>5,666,977</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>12,306,308</u>	<u>12,698,629</u>	<u>392,321</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 7,957,792</u>	<u>\$ 14,017,090</u>	<u>\$ 6,059,298</u>

**GOLDSMITH METROPOLITAN DISTRICT  
DEBT SERVICE FUND - BLOCK K SUBDISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Budgets</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 213,852	\$ 213,852	\$ 213,853	\$ 1
Specific ownership taxes	14,970	16,970	16,394	(576)
System development fees	20,000	30,000	10,000	(20,000)
Investment income	-	200	342	142
Total revenues	<u>248,822</u>	<u>261,022</u>	<u>240,589</u>	<u>(20,433)</u>
<b>EXPENDITURES</b>				
County Treasurer's fees	3,208	3,208	3,213	(5)
Interest expense	77,082	77,082	101,500	(24,418)
Principal expense - Scheduled	105,000	105,000	105,000	-
Principal expense - Paydown	63,532	76,729	38,666	38,063
Total expenditures	<u>248,822</u>	<u>262,019</u>	<u>248,379</u>	<u>13,640</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(997)	(7,790)	(6,793)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>997</u>	<u>8,987</u>	<u>7,990</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,197</u>	<u>\$ 1,197</u>

**GOLDSMITH METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND - BLOCK K SUBDISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Capital projects	45,378	18,838	26,540
Total expenditures	<u>45,378</u>	<u>18,838</u>	<u>26,540</u>
<b>NET CHANGE IN FUND BALANCES</b>	(45,378)	(18,838)	26,540
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>45,378</u>	<u>49,078</u>	<u>3,700</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 30,240</u>	<u>\$ 30,240</u>

**GOLDSMITH METROPOLITAN DISTRICT  
SCHEDULE OF INTERGOVERNMENTAL OBLIGATION REQUIREMENTS TO MATURITY  
December 31, 2016**

**Block K Subarea  
\$4,960,000 Intergovernmental Obligation  
Variable Rate Loan, Series 2014  
Dated November 1, 2014  
Variable Interest Rate (1)  
Interest Due June 1 and December 1  
Principal Due December 1**

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 143,708	\$ 108,938	\$ 252,646
2018	115,000	105,547	220,547
2019	120,000	102,833	222,833
2020	145,000	100,001	245,001
2021	150,000	96,579	246,579
2022	180,000	93,039	273,039
2023	185,000	88,791	273,791
2024	220,000	84,425	304,425
2025	225,000	79,233	304,233
2026	260,000	73,923	333,923
2027	270,000	67,787	337,787
2028	310,000	61,415	371,415
2029	320,000	54,099	374,099
2030	360,000	46,547	406,547
2031	375,000	38,051	413,051
2032	420,000	29,201	449,201
2033	435,000	19,289	454,289
2034	382,311	9,023	391,334
	<u>\$ 4,616,019</u>	<u>\$ 1,258,721</u>	<u>\$ 5,874,740</u>

(1) Interest calculated at Colotrust Plus average 30 day yield rate on June 1 and December 1 plus 1.5%. Colotrust Plus average monthly yield was 0.86% at December 1, 2016.

**GOLDSMITH METROPOLITAN DISTRICT  
 FIVE YEAR SUMMARY OF ASSESSED VALUATION,  
 MILL LEVY AND PROPERTY TAXES COLLECTED  
 December 31, 2016**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy *	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Fund	Debt Service Fund	Levied	Collected	
2012	\$ 469,329,540	11.221	4.650 (1)	\$ 6,848,009	\$ 6,807,638	99.4%
2013	\$ 459,711,990	14.750	-	\$ 5,981,754	\$ 6,012,765	100.5%
2014	\$ 486,762,320	12.750	-	\$ 5,460,799	\$ 5,343,872	97.9%
2015	\$ 478,985,565	11.750	-	\$ 4,942,520	\$ 4,779,226	96.7%
2016	\$ 581,747,554	10.500	-	\$ 5,361,722	\$ 5,317,424	99.2%
Estimate for year ending December 31, 2017	\$ 572,893,079	10.500	-	\$ 5,268,642		

**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

(1) The 2012 General Fund mill levy includes 0.221 mills for refunds and abatements.

\* Prior year Assessed Valuation also includes Debt Only assessed valuations.

**GOLDSMITH METROPOLITAN DISTRICT  
 FIVE YEAR SUMMARY OF ASSESSED VALUATION,  
 MILL LEVY AND PROPERTY TAXES COLLECTED  
 BLOCK K SUBDISTRICT  
 December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Levied</u>	<u>Collected</u>	
2012	\$ 4,451,040	60.000	30.000	\$ 400,593	\$ 400,594	100.0%
2013	\$ 4,593,500	60.000	30.000	\$ 413,415	\$ 413,415	100.0%
2014	\$ 4,875,260	60.000	30.000	\$ 438,774	\$ 438,767	99.9%
2015	\$ 5,170,545	60.000	30.000	\$ 465,349	\$ 465,349	100.0%
2016	\$ 7,128,388	60.000	30.000	\$ 641,555	\$ 641,556	100.0%
Estimate for year ending December 31, 2017	\$ 7,623,098	60.000	30.000	\$ 686,079		

**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.