

**GREENWOOD NORTH
METROPOLITAN DISTRICT**

Financial Statements

December 31, 2016



RECEIVED
By Justin L. Smith at 7:34 am, Apr 18, 2017

GREENWOOD NORTH METROPOLITAN DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities.....	4
Fund Financial Statements	
Governmental Fund	
Balance Sheet.....	5
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance.....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	8
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	9
Notes to the Financial Statements	10
Other Information	
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected.....	20



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greenwood North Metropolitan District
Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities and the major fund of the Greenwood North Metropolitan District as of and for the year December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112
303-905-0809 • info@dazziocpa.com

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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 the major fund of the Greenwood North Metropolitan District, as of December 31, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenwood North Metropolitan District's basic financial statements. The Summary of Assessed Valuation, Mill Levy and Property Taxes Collected (Other Information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Duggio & Associates, P.C.

February 13, 2017

BASIC FINANCIAL STATEMENTS

GREENWOOD NORTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities
Assets	
Cash and Investments	\$ 1,164,222
Cash with County Treasurer	1,832
Property Taxes Receivable	277,034
Prepaid Expense	3,825
Capital Assets Not Being Depreciated	65,833
Total Assets	<u>1,512,746</u>
Liabilities	
Accounts Payable	4,782
Deferred Inflows of Resources	
Property Taxes	<u>277,034</u>
Net Position	
Net Investment In Capital Assets	65,833
Restricted for Emergencies	9,100
Unrestricted	<u>1,155,997</u>
Total Net Position	<u><u>\$ 1,230,930</u></u>

The notes to the financial statements are an integral part of this statement.

GREENWOOD NORTH METROPOLITAN DISTRICT

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016**

<u>Function/Program Activities</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>	
General Government	\$ 53,060	\$ -	\$ -	\$ -	\$ (53,060)
Operations	5,873	-	-	-	(5,873)
Total	<u>\$ 58,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(58,933)</u>
General Revenues					
					272,193
					21,710
					7,375
					<u>301,278</u>
					Change in Net Position
					242,345
					Net Position - Beginning
					988,585
					Net Position - Ending
					<u>\$ 1,230,930</u>

The notes to the financial statements are an integral part of this statement.

GREENWOOD NORTH METROPOLITAN DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUND**

December 31, 2016

	General Fund
Assets	
Cash and Investments	\$ 1,164,222
Cash with County Treasurer	1,832
Property Taxes Receivable	277,034
Prepaid Expense	3,825
Total Assets	\$ 1,446,913
Liabilities	
Accounts Payable	\$ 4,782
Deferred Inflows of Resources	
Property Taxes	277,034
Fund Balance	
Nonspendable	
Prepaid Expenses	3,825
Restricted for Emergencies	9,100
Assigned for Subsequent Year Expenditures	512,516
Unassigned	639,656
Total Fund Balance	1,165,097
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,446,913

The notes to the financial statements are an integral part of this statement.

GREENWOOD NORTH METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

December 31, 2016

Total Fund Balances - Governmental Fund	\$ 1,165,097
Total net position reported for governmental activities in the statement of of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Construction in Process	<u>65,833</u>
Total Net Position - Governmental Activities	<u><u>\$ 1,230,930</u></u>

The notes to the financial statements are an integral part of this statement.

GREENWOOD NORTH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
GOVERNMENTAL FUND

For the Year Ended December 31, 2016

	General Fund
Revenues	
Property Taxes	\$ 272,193
Specific Ownership Tax	21,710
Net investment income	7,375
Total Revenues	301,278
Expenditures	
Current	
Management	24,100
Accounting	949
Legal	19,096
Insurance	3,248
Office Expense	32
Bank Charges	202
Membership Dues	547
Treasurer's Fees	4,086
Directors Fees	800
Landscape Maintenance	5,231
Landscape - Utilities	642
Engineering	23,547
Total Expenditures	82,480
Net Change in Fund Balance	218,798
Fund Balance - Beginning	946,299
Fund Balance - Ending	\$ 1,165,097

The notes to the financial statements are an integral part of this statement.

GREENWOOD NORTH METROPOLITAN DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2016

Net Change in Fund Balances - Governmental Fund \$ 218,798

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

The Governmental fund reports 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

23,547

Change in Net Position - Governmental Activities

\$ 242,345

The notes to the financial statements are an integral part of this statement.

GREENWOOD NORTH METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2016

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Property Taxes	\$ 273,908	\$ 272,193	\$ (1,715)
Specific Ownership Tax	12,000	21,710	9,710
Net investment income	500	7,375	6,875
Total Revenues	286,408	301,278	14,870
Expenditures			
Current			
Management	21,600	24,100	(2,500)
Accounting	3,000	949	2,051
Legal	27,000	19,096	7,904
Insurance	3,500	3,248	252
Office Expense	500	32	468
Bank Charges	-	202	(202)
Membership Dues	-	547	(547)
Treasurer's Fees	-	4,086	(4,086)
Directors Fees	1,500	800	700
Landscape Maintenance	5,000	5,231	(231)
Landscape - Utilities	750	642	108
Engineering	80,000	23,547	56,453
Belleview Traffic Study	25,000	-	25,000
Quebec Street Sidewalks	375,000	-	375,000
Total Expenditures	542,850	82,480	460,370
Net Change in Fund Balance	(256,442)	218,798	475,240
Fund Balance - Beginning	918,593	946,299	27,706
Fund Balance - Ending	\$ 662,151	\$ 1,165,097	\$ 502,946

The notes to the financial statements are an integral part of this statement.

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

Note 1 – Definition of Reporting Entity

The Greenwood North Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established in 1981 to provide for the construction and installation of curbs, gutters, culverts and other drainage facilities, sidewalks, bridges, paving, lighting, grading, and other street improvements, traffic and safety controls and devices on streets and highways and transportation services.

The District's service area is entirely within the City of Greenwood Village. All improvements constructed by the District have been transferred to the City for ownership and maintenance. The District provides landscape maintenance on a highway interchange.

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

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 to any other organization, nor is the District a component unit of any other primary governmental entity.

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* 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 revenue are reported instead as *general revenues*.

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. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. 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 are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental fund:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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.

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, certain corporate bonds, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

Property Taxes

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

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

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets defined by the District as assets include improvements to buildings and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue for property taxes to be collected in the subsequent period and therefore not yet available.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as 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.

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation

Unrestricted Net Position represents assets that do not have any third-party limitations on their use.

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 Balances

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.

The District reports the following Restricted Fund Balances:

Restricted for TABOR Emergencies

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 6).

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.

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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.

At December 31, 2016, fund balance is assigned for the following purpose:

Subsequent Year's Expenditures – used to account for the portion of the year-end fund balance which is appropriated in the subsequent year's budget.

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

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

Note 3 – Cash and Investments

Cash and investments consist of the following at December 31, 2016

Cash	\$	6,458
Investments		<u>1,157,764</u>
	\$	<u>1,164,222</u>

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) 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 equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

to be uninsured but collateralized. The State Regulatory Commissions 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 deposits amounting to \$6,934 were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Investments

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

The District generally limits its concentration of investments to those 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 disclosure requirements for investments that are in the possession of another party.

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 the World Bank
- Certain international agency securities
- 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
- Certain corporate bonds
- Written repurchase and reverse 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; Level 3 inputs are significant unobservable inputs.

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

Colotrust is an external investment pool that records its investments at fair value. The investment in Colotrust is categorized as a Level 2 investment.

At December 31, 2016, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Government Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 Days	\$ 1,157,764

The District invested in the Colorado Local Government Liquid Asset Trust (Colotrust), 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 Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, certain obligations of agencies of the U.S. government and written purchase agreements collateralized by U.S Treasury securities or certain obligations of U.S government agencies. COLOTRUST PLUS+ may also invest in highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as a custodian for Colotrust’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for Colotrust’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 Colotrust. Colotrust is rated AAAM by Standard & Poor’s.

Note 4 – Capital Assets

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

	Balance at December 31, 2015	Additions	Deletions	Balance at December 31, 2016
Capital assets not being depreciated:				
Construction in progress	\$ 42,286	\$ 23,547	\$ -	\$ 65,833

The District will convey certain public improvements to other governmental entities.

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

Note 5 – 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 or natural disasters.

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 general and public officials liability coverage. In the event aggregate 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 6 – 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'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 and qualification as an Enterprise will require judicial interpretation.

GREENWOOD NORTH METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

On November 2, 1999, voters within the District approved the following election question: Shall Greenwood North Metropolitan District (District) be permitted to collect, retain and expend the full revenue generated during 2000 and each subsequent year from the levy of 4.192 mills of ad valorem property tax and without limiting the collection or spending of revenue from the operation of the District's facilities and programs, grants, gifts, loans or any other source of revenue, under Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S., or any other law?

On November 2, 2004, voters within the District approved the following election question: Shall Greenwood North Metropolitan District taxes be increased \$32,535 (first full fiscal year dollar increase) annually by the levy of 1.213 mills of ad valorem property taxes to be used for general operating purposes, which will replace the 1.213 mills of ad valorem property taxes currently collected for voter approved contractual obligations, thus creating no net increase in property taxes, commencing January 1, 2005?

On May 2, 2006, voters within the District approved the following election question: Shall the Greenwood North Metropolitan District taxes be increased \$53,865 (first fiscal year dollar increase) annually, an increase of 2.5 mills, for the purpose of construction of public improvements within the District and for the general operating costs of the District.

OTHER INFORMATION

GREENWOOD NORTH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED

Levy Year	Collection Year	Assessed Valuation	Mill Levy			Total Levy	Current Collection	Collection Rate
			General	Temporary Reduction	Total			
2010	2011	\$ 36,064,800	7.050	(4.050)	3.000	\$ 108,194	\$ 101,290	93.62%
2011	2012	27,884,320	7.050	0.000	7.050	196,584	188,389	95.83%
2012	2013	27,659,030	7.050	0.000	7.050	194,996	194,075	99.53%
2013	2014	31,018,140	7.050	(7.050)	0.000	-	519	N/A
2014	2015	32,738,874	7.050	(1.800)	5.250	171,879	170,857	99.41%
2015	2016	38,852,133	7.050	0.000	7.050	273,908	272,193	99.37%
2016	2017	\$ 39,295,597	7.050	0.000	7.050	\$ 277,034		

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

Source: Arapahoe County Assessor and Treasurer.