

GREEN GABLES METROPOLITAN DISTRICT NO. 1
Jefferson County, Colorado

FINANCIAL STATEMENTS
December 31, 2016



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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Green Gables Metropolitan District No. 1
Jefferson County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Green Gables Metropolitan District No. 1 (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 Green Gables Metropolitan District No. 1, as of December 31, 2016, and the respective changes in financial position thereof, 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.

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 statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposed 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.

The annual disclosure obligation information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Darner Higgs & Associates, PC

Lakewood, Colorado
July 26, 2017

BASIC FINANCIAL STATEMENTS

GREEN GABLES METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 149,208
Cash and investments - Restricted	1,879,563
Property taxes receivable	195,344
Receivable from County Treasurer	1,095
Construction in progress	<u>12,817,753</u>
Total assets	<u>15,042,963</u>
LIABILITIES	
Accounts payable	11,898
Accrued interest payable	119,026
Noncurrent liabilities	
Due in more than one year	<u>16,574,275</u>
Total liabilities	<u>16,705,199</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	<u>195,344</u>
Total deferred inflows of resources	<u>195,344</u>
NET POSITION	
Restricted for:	
Emergency reserves	5,400
Capital projects	550,000
Debt service	1,205,137
Unrestricted	<u>(3,618,117)</u>
Total net position	<u><u>\$ (1,857,580)</u></u>

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

GREEN GABLES METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 64,433	\$ -	\$ -	\$ -	\$ (64,433)
Interest and related costs on long-term debt	1,967,066	-	-	-	(1,967,066)
	<u>\$ 2,031,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,031,499)</u>
General revenues:					
Property taxes					166,084
Specific ownership taxes					13,321
Net investment income					6,437
Total general revenues					<u>185,842</u>
Change in net position					(1,845,657)
Net position - Beginning					(11,923)
Net position - Ending					<u>\$ (1,857,580)</u>

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

**GREEN GABLES METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 148,910	\$ -	\$ 298	\$ 149,208
Cash and investments - Restricted	5,400	1,324,163	550,000	1,879,563
Deferred property tax receivable	32,557	162,787	-	195,344
Receivable from County Treasurer	1,095	-	-	1,095
TOTAL ASSETS	\$ 187,962	\$ 1,486,950	\$ 550,298	2,225,210
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 11,600	\$ -	\$ 298	\$ 11,898
Total liabilities	11,600	-	298	11,898
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	32,557	162,787	-	195,344
Total deferred inflows or resources	32,557	162,787	-	195,344
FUND BALANCES				
Restricted for:				
Emergency reserves	5,400	-	-	5,400
Debt service	-	1,324,163	-	1,324,163
Capital projects	-	-	550,000	550,000
Unassigned	138,405	-	-	138,405
Total fund balances	143,805	1,324,163	550,000	2,017,968
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 187,962	\$ 1,486,950	\$ 550,298	

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.	12,817,753
Long-term liabilities, including bonds payable and interest payable, are due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(10,235,000)
Developer advances	(6,069,043)
Accrued developer interest	(270,232)
Accrued bond interest	(119,026)
Net position of governmental activities	\$ (1,857,580)

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

GREEN GABLES METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 166,084	\$ -	\$ -	\$ 166,084
Specific ownership taxes	13,321	-	-	13,321
Net investment income	-	6,386	51	6,437
Total revenues	<u>179,405</u>	<u>6,386</u>	<u>51</u>	<u>185,842</u>
EXPENDITURES				
Current				
Accounting	20,243	-	-	20,243
County Treasurer's fees	2,491	-	-	2,491
District management	8,743	-	-	8,743
Dues and membership	316	-	-	316
Election	2,183	-	-	2,183
Insurance	2,622	-	-	2,622
Legal	7,367	-	-	7,367
Miscellaneous	90	-	-	90
Debt service				
Interest expense - Bonds	-	283,727	-	283,727
Paying agent fees	-	7,500	-	7,500
Capital outlay				
Capital outlay	-	-	12,817,753	12,817,753
Repay developer advance	-	-	6,759,122	6,759,122
Repay developer advance - interest	-	-	833,553	833,553
Bond issue costs	-	-	454,475	454,475
Accounting	-	-	518	518
Consulting	-	-	3,270	3,270
Engineering costs	-	-	16,590	16,590
Total expenditures	<u>44,055</u>	<u>291,227</u>	<u>20,885,281</u>	<u>21,220,563</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	10,235,000	10,235,000
Developer advances	-	-	12,817,753	12,817,753
Transfers (to) from other fund	8,519	1,609,004	(1,617,523)	-
Total other financing sources (uses)	<u>8,519</u>	<u>1,609,004</u>	<u>21,435,230</u>	<u>23,052,753</u>
NET CHANGE IN FUND BALANCES	143,869	1,324,163	550,000	2,018,032
FUND BALANCES - BEGINNING OF YEAR	(64)	-	-	(64)
FUND BALANCES - END OF YEAR	<u>\$ 143,805</u>	<u>\$ 1,324,163</u>	<u>\$ 550,000</u>	<u>\$ 2,017,968</u>

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

**GREEN GABLES METROPOLITAN DISTRICT NO. 1
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	\$ 2,018,032
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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	12,817,753
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Long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 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.

Bond proceeds	(10,235,000)
Developer advance	(12,817,753)
Developer advance repayment	6,759,122

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

Bond interest - Change in liability	(119,026)
Developer advance - accrued interest change in liability	(268,785)

Changes in net position of governmental activities	\$ (1,845,657)
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 166,083	\$ 166,084	\$ 1
Specific ownership taxes	11,630	13,321	1,691
Total revenues	<u>177,713</u>	<u>179,405</u>	<u>1,692</u>
EXPENDITURES			
Current			
Accounting	15,000	20,243	(5,243)
County Treasurer's fees	2,491	2,491	-
District management	12,000	8,743	3,257
Dues and membership	400	316	84
Election	1,000	2,183	(1,183)
Insurance	2,300	2,622	(322)
Legal	30,000	7,367	22,633
Miscellaneous	100	90	10
Contingency	3,709	-	3,709
Total expenditures	<u>67,000</u>	<u>44,055</u>	<u>22,945</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>110,713</u>	<u>135,350</u>	<u>24,637</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other fund		28,599	28,599
Transfers to other fund	-	(20,080)	(20,080)
Total other financing sources (uses)	<u>-</u>	<u>8,519</u>	<u>8,519</u>
NET CHANGE IN FUND BALANCE	110,713	143,869	33,156
FUND BALANCES - BEGINNING OF YEAR	1,904	(64)	(1,968)
FUND BALANCES - END OF YEAR	<u>\$ 112,617</u>	<u>\$ 143,805</u>	<u>\$ 31,188</u>

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

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - DEFINITION OF REPORTING ENTITY

Green Gables Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Jefferson County recorded on January 10, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized in conjunction with Green Gables Metropolitan District No. 2 (District No. 2). Services will be provided to the Green Gables mixed use redevelopment (Project) by the District and District No. 2. The District will serve the residential portion of the Project and District No. 2 will serve the commercial portions of the Project. The Districts each operate as distinct and separate entities, however, it is anticipated that the Districts will enter into various intergovernmental agreements to coordinate efforts in the financing and construction of facilities and provision of improvements to the Project. The Districts' service area is generally located east of Wadsworth Boulevard and south of Jewell Avenue in Jefferson County. The District was established to provide water, storm sewer and sanitary sewer, streets and traffic safety protection, parks and recreation, and covenant enforcement.

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 has no employees, and all operations and administrative functions are contracted.

The District is not financially accountable for 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. 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.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
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. Grants and similar 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, notes and developer advances 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 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

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

GREEN GABLES METROPOLITAN DISTRICT NO. 1
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.

Pooled Cash and Investments

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

Investments are carried at fair value.

Property Taxes

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

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

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. detention ponds and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one item that qualifies for reporting in this category, *deferred property tax revenue*. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Equity

Net Position

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

Fund Balance

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

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

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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.

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	\$ 149,208
Cash and investments - Restricted	<u>1,879,563</u>
Total cash and investments	<u><u>\$ 2,028,771</u></u>

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

Deposits with financial institutions	\$ 704,608
Investments	<u>1,324,163</u>
Total cash and investments	<u><u>\$ 2,028,771</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.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

At December 31, 2016, the District's cash deposits had a bank balance of \$704,608 and a carrying balance of \$704,608, of which \$404,608 are FDIC insured and \$300,000 are collateralized under the PDPA.

Investments

The District has adopted a formal investment policy that 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 or investment custodial credit risk disclosure requirements for investments that are in the possession of another party.

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

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

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

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 had invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

Investment	Maturity	Fair Value
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 1,324,163</u>

COLOTRUST

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 statues 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 capital assets for the year ended December 31, 2016, follows:

	Balance at December 31, 2015	Increases	Decreases	Balance at December 31, 2016
Construction in progress	\$ -	\$ 12,817,753	\$ -	\$ 12,817,753
	-	-	-	-
Total capital assets	<u>\$ -</u>	<u>\$ 12,817,753</u>	<u>\$ -</u>	<u>\$ 12,817,753</u>

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2015</u>	<u>New Issues</u>	<u>Refundings/ Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds - Series 2016A	\$ -	\$ 8,760,000	\$ -	\$ 8,760,000	-
Limited Tax General Obligation Subordinate Bonds - Series 2016B	-	1,475,000	-	1,475,000	-
Developer Advances - Capital	-	12,817,753	6,759,122	6,058,631	-
Developer Advances - O&M	10,412	-	-	10,412	-
Developer Advances Interest - Capital	-	1,101,505	833,553	267,952	-
Developer Advances Interest - O&M	1,447	833	-	2,280	-
	<u>\$ 11,859</u>	<u>\$24,155,091</u>	<u>\$ 7,592,675</u>	<u>\$ 16,574,275</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

General Obligation Bonds

\$8,760,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2016A (Series 2016A Bonds), dated April 21, 2016, with interest of 5.30% per annum. The Series 2016A Bonds mature December 1, 2046. The Series 2016A Bonds are subject to early redemption, at the option of the District, on or after December 1, 2021, upon payment of redemption price as follows:

Optional Redemption Date	Redemption Prices
December 1, 2021 to November 30, 2022	103%
December 1, 2022 to November 30, 2023	102%
December 1, 2023 to November 30, 2024	101%
December 1, 2024 and thereafter	100%

The Series 2016A Bonds have a reserve fund and a surplus fund. The Senior Reserve Fund requirement is \$697,555. The Maximum Surplus Fund amount is \$876,000, and is funded with Senior Pledged revenues after payment of Debt Service. The 2016A Bonds are secured by Senior Pledged Revenue, consisting of Required Mill Levy Revenue, Specific Ownership Taxes, and other legally available monies. The Required Mill Levy is the amount sufficient to pay the principal of, premium if any, and interest on the Series 2016A Bonds, as the same become due and payable, to replenish the Senior Reserve Fund to the Senior Reserve Fund Requirement, and to fund the Surplus Fund to the Maximum amount, but not in excess of 50.000 mills, subject to adjustment as provided in the Senior Bonds Trust Indenture, dated April 1, 2016, until the Senior Debt to Assessed Ratio is equal to or less than 50%. The balance in the reserve fund at December 31, 2016, is \$698,055.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

\$1,475,000 Limited Tax General Obligation Subordinate Bonds, Series 2016B (Series 2016B Bonds), dated April 21, 2016, with interest of 7.75% due annually on December 15, commencing on December 15, 2016. The Series 2016B Bonds are subject to early redemption, at the option of the District, on or after December 15, 2024, in whole or in part at a redemption price equal to 100% of the outstanding principal amount plus accrued interest to the redemption date. The 2016B Bonds are payable from the Subordinate Pledged Revenue, consisting of Subordinate Required Mill Levy Revenues, Specific Ownership taxes and monies available upon termination of the Surplus Fund as defined in and provided for under the Senior Bonds Trust Indenture, and any other legally available monies.

There is no debt service schedule presented for the Series 2016B Bonds as they are considered "Cash Flow" bonds, payable solely from the extent of Subordinated Pledged Revenue.

The details of the District's long-term obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 464,280	\$ 464,280
2018	-	464,280	464,280
2019	-	464,280	464,280
2020	50,000	464,280	514,280
2021	90,000	461,630	551,630
2022-2026	635,000	2,223,615	2,858,615
2027-2031	975,000	2,021,155	2,996,155
2032-2036	1,445,000	1,715,610	3,160,610
2037-2041	2,040,000	1,273,060	3,313,060
2042-2046	3,525,000	653,225	4,178,225
	<u>\$ 8,760,000</u>	<u>\$ 10,205,415</u>	<u>\$ 18,965,415</u>

Authorized Debt

On November 6, 2012, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$49,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2016, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

	Authorized November 6, 2012 Election	Authorization Used for Series 2016A Bonds	Authorization Used for Series 2016B Bonds	Authorized But Unissued
Street improvements	\$ 49,000,000	\$ 4,818,000	\$ 811,250	\$ 43,370,750
Parks and Recreation	49,000,000	-	-	49,000,000
Water	49,000,000	1,138,800	191,750	47,669,450
Storm or Sanitary Sewer	49,000,000	2,803,200	472,000	45,724,800
Traffic and safety	49,000,000	-	-	49,000,000
Operations and maintenance	49,000,000	-	-	49,000,000
Debt refunding	49,000,000	-	-	49,000,000
Intergovernmental	49,000,000	-	-	49,000,000
	<u>\$392,000,000</u>	<u>\$ 8,760,000</u>	<u>\$ 1,475,000</u>	<u>\$381,765,000</u>

Pursuant to the Service Plan, the District along with District No. 2 is permitted to issue bond indebtedness in an aggregate amount up to \$49,000,000 (Combined Debt Limit), at an interest rate not to exceed 18%. 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.

Developer Advances

The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

Operations and Funding Agreements

The District and Green Gables Development Company, Inc. (Developer) entered into an Operation Funding Agreement (OFA) dated January 10, 2013. Pursuant to the OFA, the Developer agreed to advance funds to the District for payment of operations and maintenance expenses for fiscal year 2013 up to the shortfall amount of \$37,500. The District has agreed to reimburse the Developer for funds advanced under the OFA, together with interest thereon at the rate of 8.0% per annum. Payments made under this agreement shall be applied first to interest and then to principal. The term of this agreement shall expire on December 31, 2053 unless terminated earlier by mutual agreement of the parties.

On October 15, 2014 the District and the Developer entered into a First Amendment to the OFA (First Amendment to OFA). Pursuant to the First Amendment to OFA, the Developer agreed to extend the time period to advance funds to the District under the OFA through 2015 up to the shortfall amount of \$50,000.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On April 11, 2016 the District and the Developer entered into a Second Amendment to the OFA (Second Amendment to OFA). Pursuant to the Second Amendment to OFA, the Developer agreed to further extend the time period that the Developer would advance funds to the District for payment of operations and maintenance expenses through fiscal year 2019. The Second Amendment to OFA further increased the Shortfall Amount to \$200,000 and extended the obligation of the Developer to advance funds through March 31, 2020.

The balance outstanding on the Operating Funding Agreement, as amended, at December 31, 2016 is \$12,692, consisting of \$10,412 principal and \$2,280 accrued interest.

Facilities Funding and Acquisition Agreements

Developer FFAA

The District and Developer entered into a Facilities Funding and Acquisition Agreement (FFAA) dated January 16, 2013, with an effective date of January 10, 2013. Pursuant to the FFAA, the District acknowledges the Developer has advanced funds to the District for organization expenses, and will advance requested funds to the District to complete the Improvements, as defined in the FFAA (Constructed Related Expenses). The total Shortfall Amount for 2013 was estimated to be \$5,000,000. Prior to any reimbursement to the Developer, Developer shall obtain an independent engineer's certification that the Construction Related Expenses are reasonable and comparable for similar projects in the local community, and verification from the District's accountant that the expenses are reimbursable based on the invoice copies, bills and requests for payment. The District has agreed to reimburse the Developer for funds advanced under the FFAA, together with interest thereon at the rate of 8.0% per annum. Payments made under the FFAA shall be applied first to interest and then to principal. The Parties agree that no payment shall be required of the District unless and until the District issues bonds in an amount sufficient to reimburse the Developer for all or a portion of advances under the FFAA. In the event the District has not paid or reimbursed the Developer for any Construction Related Expenses and or Verified Costs by December 31, 2053, any amount of principal and accrued interest outstanding on such date shall be deemed to be discharged and satisfied in full.

On November 20, 2013, the District and the Developer entered into a First Amendment to the FFAA (First Amendment to FFAA). The First Amendment to FFAA extended the term of the FFAA through 2014.

On February 11, 2015, the District and the Developer entered into a Second Amendment to FFAA (Second Amendment to FFAA). The Second Amendment to FFAA extends the term of the FFAA through 2015 and amends provisions of the FFAA pertaining to Construction Related Expenses and acknowledges the relative priorities for reimbursement of verified costs to provide for future reimbursement to Ryland Group Inc. (Ryland) for construction of certain onsite and offsite improvements pursuant to that certain Ryland Facilities Acquisition Agreement described below.

On November 18, 2015, the District and the Developer entered into a Third Amendment to FFAA (Third Amendment to FFAA). The Third Amendment to FFAA extends the term of the FFAA through 2016.

The balance outstanding on the FFAA, as amended, at December 31, 2016 is \$6,326,583, consisting of \$6,058,631 principal and \$267,952 accrued interest.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Ryland Agreement

The District and Ryland entered into the Ryland Facilities Funding and Acquisition Agreement on February 12, 2015 (Ryland FFAA). The Ryland FFAA states that Ryland is entitled to reimbursement from the District in an amount equal to one-half of the "Shared Excess" (defined as Developer and Ryland's responsibility to each pay one-half of accepted Regional Improvement Costs in Excess of \$17.0 million and up to \$18.1 million) and reimbursement from the District for the "Seller Excess" and "Seller's Costs" as defined in the Post Closing Construction Agreement, described below. To provide security to Ryland in the event the District is unable to issue bonds, the District executed a Taxable Limited Tax General Obligation Promissory Note Series 2015 to Ryland (Series 2015 Note) in the amount of \$5,870,000, interest payable at 8.0% per annum, to fund the reimbursements. Payments made on the Series 2015 Note are to be credited first to accrued interest.

The balance outstanding on the Series 2015 Note at December 31, 2016, is \$-0-.

NOTE 6 - NET POSITION

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

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

	Governmental Activites
Restricted net position:	
Emergency reserves	\$ 5,400
Capital projects	550,000
Debt service	1,205,137
Total	\$ 1,760,537

The District has a deficit in unrestricted net position. The deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 - DISTRICT AGREEMENTS

Post Closing Construction Agreement

On February 12, 2015, the District and Ryland entered into a Post Closing Construction Agreement (PCCA). The PCCA notes that Ryland will enter into agreements to complete the work known as Regional Improvement Costs. If the Accepted Regional Improvement Costs exceed \$17.0 million up to a maximum of \$18.1 million, the Developer and Ryland will each be responsible for half, or "Shared Excess". Costs in excess of \$18.1 million are the responsibility of the Developer, together with interest at 12% per annum.

Public Improvements Agreement (PIA)

On February 12, 2015, the District, the Developer and Ryland entered into a Public Improvements Agreement (PIA). The PIA acknowledges that Ryland and the Developer are entitled to receive reimbursement from the District for costs incurred for construction of public improvements in the District, and specifies priorities for payment. Reimbursements under the PIA are to be paid first to Ryland for Shared Excess costs, next to Ryland for Seller Excess Costs, and finally to the Developer.

Letter Agreement

On March 29, 2016, the District and CalAtlantic Group, Inc. as successor-by-merger to Ryland (CalAtlantic) entered into a Letter Agreement (Letter Agreement). The Letter Agreement set forth the terms by which CalAtlantic consents to the District's issuance of the Series 2016A and Series 2016B Bonds, subject to the deposit into escrow with Land Title Guarantee Company of initial proceeds of the Bonds, in the amount of \$550,000 as security for the Developer's share of funds owed to CalAtlantic pursuant to the Ryland FFAA and the PCAA.

Escrow Agreement

On March 31, 2016, the District entered into an Escrow Agreement with CalAtlantic and Land Title Guarantee Company (Escrow Agreement). The Escrow Agreement acknowledges the existence of the Series 2015 Note as security for the District's reimbursement obligations, and CalAtlantic's consent to the issuance of the Series 2016A and Series 2016B Bonds upon deposit of \$550,000 as security for the Developer's share of funds owed pursuant to the Ryland FFAA and the PCCA. Funds are to be released to CalAtlantic and/or the District pursuant to the terms of the Escrow Agreement.

Jefferson County IGA

On May 31, 2013, the District entered into an Intergovernmental Agreement with Jefferson County, State of Colorado and District No. 2 (IGA). The IGA designates the terms under which the County will be responsible for maintenance of certain public roadways upon acceptance, but will not be responsible for the maintenance of the Architectural and Design Elements, which are not related to the structural integrity or safety of the roadway, and which are cosmetic. The Districts shall, at their sole cost and expense be responsible for the maintenance, repair and replacement of the Architectural and Design Elements described in the IGA in perpetuity.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - RELATED PARTY

The majority of the members on the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 9 – INTERFUND TRANSFERS

The interfund transfers for the year ended December 31, 2016 are as follows:

<u>Amount</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Bond Offering - Capitalized Interest Fund	\$ -	\$ 903,949	\$ (903,949)
Bond Offering - Reserve Fund	-	697,555	(697,555)
Paying agent fees		7,500	(7,500)
Project Fund Disbursement	28,897		(28,897)
Capital Project Expenditures	(298)		298
Capital Project Expenditures	(20,080)		20,080
	<u>\$ 8,519</u>	<u>\$ 1,609,004</u>	<u>\$ (1,617,523)</u>

NOTE 10 - 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) as of December 31, 2016. 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.

GREEN GABLES METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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 6, 2012, a majority of the District's electors authorized the District to collect and spend or retain in a reserve the full amount of all currently levied taxes and fees of the District annually, 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

GREEN GABLES METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	<u>Budgets Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ 1,000	\$ 6,386	\$ 5,386
Total revenues	<u>1,000</u>	<u>6,386</u>	<u>5,386</u>
EXPENDITURES			
Debt service			
Interest expense - Bonds	400,465	283,727	116,738
Paying agent fees	-	7,500	(7,500)
Contingency	1,535	-	1,535
Total expenditures	<u>402,000</u>	<u>291,227</u>	<u>110,773</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(401,000)</u>	<u>(284,841)</u>	<u>116,159</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other fund	2,039,287	1,609,004	(430,283)
Total other financing sources (uses)	<u>2,039,287</u>	<u>1,609,004</u>	<u>(430,283)</u>
NET CHANGE IN FUND BALANCES	1,638,287	1,324,163	(314,124)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,638,287</u>	<u>\$ 1,324,163</u>	<u>\$ (314,124)</u>

GREEN GABLES METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgets Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net investment income	\$ 1,000	\$ 51	\$ (949)
Total revenues	<u>1,000</u>	<u>51</u>	<u>(949)</u>
EXPENDITURES			
Capital outlay	19,324,513	12,817,753	6,506,760
Repay developer advance	-	6,759,122	(6,759,122)
Repay developer advance - interest	-	833,553	(833,553)
Bond issue costs	417,200	454,475	(37,275)
Accounting	-	518	(518)
Consulting	-	3,270	(3,270)
Engineering costs	-	16,590	(16,590)
Total expenditures	<u>19,741,713</u>	<u>20,885,281</u>	<u>(1,143,568)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,740,713)</u>	<u>(20,885,230)</u>	<u>(1,144,517)</u>
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	9,230,000	10,235,000	1,005,000
Developer advance	12,550,000	12,817,753	267,753
Transfers (to) from other fund	(2,039,287)	(1,617,523)	421,764
Total other financing sources (uses)	<u>19,740,713</u>	<u>21,435,230</u>	<u>1,694,517</u>
NET CHANGE IN FUND BALANCES	-	550,000	550,000
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ 550,000</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE OBLIGATIONS AND INTEREST
REQUIREMENTS TO MATURITY
LONG TERM DEBT
December 31, 2016**

**\$8,760,000 General Obligation (Limited Tax
Convertible to Unlimited Tax) Bonds**

Bonds and Interest Maturing in the Year Ending December 31,	Series 2016A Interest 5.3% Dated April 21, 2016 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2017	\$ -	\$ 464,280	\$ 464,280
2018	-	464,280	464,280
2019	-	464,280	464,280
2020	50,000	464,280	514,280
2021	90,000	461,630	551,630
2022	105,000	456,860	561,860
2023	110,000	451,295	561,295
2024	130,000	445,465	575,465
2025	135,000	438,575	573,575
2026	155,000	431,420	586,420
2027	160,000	423,205	583,205
2028	185,000	414,725	599,725
2029	190,000	404,920	594,920
2030	215,000	394,850	609,850
2031	225,000	383,455	608,455
2032	250,000	371,530	621,530
2033	265,000	358,280	623,280
2034	290,000	344,235	634,235
2035	305,000	328,865	633,865
2036	335,000	312,700	647,700
2037	350,000	294,945	644,945
2038	385,000	276,395	661,395
2039	405,000	255,990	660,990
2040	440,000	234,525	674,525
2041	460,000	211,205	671,205
2042	500,000	186,825	686,825
2043	525,000	160,325	685,325
2044	565,000	132,500	697,500
2045	595,000	102,555	697,555
2046	1,340,000	71,020	1,411,020
	<u>\$ 8,760,000</u>	<u>\$ 10,205,415</u>	<u>\$ 18,965,415</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 1
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2014	\$ 1,885,569	60.000	\$ 113,134	\$ 53,806	47.56% (a)
2015	896,765	60.000	53,806	\$ -	0.00% (b)
2016	2,768,050	60.000	166,083	\$ 166,084	100.00%
Estimated for year ending December 31, 2017	3,255,739	60.000	195,343		

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. (a) Rebates and Assessments of \$59,328 were charged (b) Rebates and Assessments of \$53,806 were charged

ANNUAL DISCLOSURE

GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
History of Assessed Valuation and Mill Levies for the District
Table # 1

Levy Year	Collection Year	Assessed Valuation	Percent Change	General Fund Mill Levy
2013	2014	\$ 1,885,569	0	60.000
2014	2015	896,765	-52.44%	60.000
2015	2016	2,768,050	208.67%	60.000
2016	2017	3,255,739	17.62%	10.000

GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Property Tax Collections in the District
Table # 2

Levy Year	Collection Year	Taxes Levied	Current Tax Collection	Collection Rate
2013	2014	\$ 113,134	\$ 113,134	100%
2014	2015	53,806	53,806	100%
2015	2016	166,083	166,083	100%

**GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Ten Largest Owners of Property within the District
Table # 3**

Taxpayer Name	Assessed Valuation	Percentage of Taxpayer / Assessed Valuation
Valuation year - 2015		
The Ryland Group, Inc./ Cal Atlantic	\$ 2,530,453	91.4%
The Developer	\$ 237,597	8.6%
Total	<u>\$ 2,768,050</u>	<u>100.0%</u>
Valuation year - 2016		
The Ryland Group, Inc./ Cal Atlantic	\$ 3,015,907	92.6%
The Developer	\$ 238,207	7.3%
The District	\$ 1,422	0.0%
The County	\$ 203	0.0%
Total	<u>\$ 3,255,739</u>	<u>100.0%</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Assessed Valuation of Classes of Property in the District
Table # 4**

Property Class	Total Assessed Valuation	Percentage of Taxpayer / Assessed Valuation
Valuation year - 2015		
Vacant	\$ 2,768,050	100.0%
Total	<u>\$ 2,768,050</u>	<u>100.0%</u>
Valuation year - 2016		
Vacant	\$ 3,255,739	117.6%
Total	<u>\$ 3,255,739</u>	<u>117.6%</u>

GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Selected Ratios of the District (Direct Debt of the District)
Table # 5

Property Class	Total Debt	Senior Debt
Direct Debt	\$ 10,235,000	\$ 8,760,000
2015 Certified Assessed Valuation	2,768,050	2,768,050
Ratio of Direct Debt to 2015 Certified Assessed Valuation	370%	316%
2015 District Statutory "Actual" Value (4)	9,545,000	9,545,000
Ratio of Direct Debt to 2015 District Statutory Value	107%	92%

(4) Calculated using a statutory formula under which assessed valuation is calculated at 7.96% of the statutory "actual" value of residential property in the District and 29% of the statutory "actual" value of other property within the district

Direct Debt	\$ 10,235,000	\$ 8,760,000
2016 Certified Assessed Valuation	3,255,739	3,255,739
Ratio of Direct Debt to 2015 Certified Assessed Valuation	314%	269%
2016 District Statutory "Actual" Value (4)	11,233,770	11,233,770
Ratio of Direct Debt to 2016 District Statutory Value	91%	78%

GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Statement of Revenue, Expenditures, and Changes in Fund Balance - General Fund
(Past 5 years or as many as applicable)
Table # 6

	2013 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)
REVENUES				
Developer advance	\$ 5,000	\$ 5,412	\$ -	\$ -
Property taxes	-	53,806	53,806	166,084
Specific ownership taxes	-	8,785	4,722	13,321
Other income	-	-	33	
Total	5,000	68,003	58,561	179,405
EXPENDITURES				
Accounting	-	4,208	13,919	20,243
County Treasurer's fees	-	789	807	2,491
Insurance and bonds	1,201	326	2,203	2,622
District management	-	8,244	15,815	8,743
Election				2,183
Legal services	-	29,825	20,269	7,367
Dues and memberships	311	384	321	316
Miscellaneous	-	1,326	92	90
Contingency	-	-	-	-
Total	1,512	45,102	53,426	44,055
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,488	22,901	5,135	135,350
OTHER SOURCES OF FINANCING				
Transfers in (out)	-	(14,795)	(16,794)	8,519
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	3,489	8,106	(11,659)	143,869
Beginning Fund Balance	-	3,489	11,595	(64)
Ending Fund Balance	\$ 3,489	\$ 11,595	\$ (64)	\$ 143,805

GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Statement of Revenue, Expenditures, and Changes in Fund Balance - Capital Projects Fund
(Past 5 years or as many as applicable)
Table # 7

	2013 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)
REVENUES				
Developer advance	8,293	-	-	12,817,753
Bond proceeds				10,235,000
Other income				51
Total	8,293	-	-	23,052,804
EXPENDITURES				
Capital outlay	-	-	-	12,817,753
Repay developer advance	-	-	-	7,592,675
Bond issue costs	-	-	-	454,475
Accounting	1,214	-	-	518
Engineering	7,079	-	-	16,590
Legal services	-	14,795	16,794	-
Consulting	-	-	-	3,270
Total	8,293	14,795	16,794	20,885,281
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(14,795)	(16,794)	2,167,523
OTHER SOURCES OF FINANCING				
Transfers in (out)	-	14,795	16,794	(1,617,523)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	550,000
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	-	-	-	550,000

GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Statement of Revenue, Expenditures, and Changes in Fund Balance - Debt Service Fund
(Past 5 years or as many as applicable)
Table # 8

	2013 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)
REVENUES	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Specific ownership taxes	-	-	-	-
Other income	-	-	-	6,386
	-	-	-	6,386
Total				
EXPENDITURES	-	-	-	-
Bond interest senior bond	-	-	-	283,727
Contingency	-	-	-	-
Country Treasurer's fees	-	-	-	-
Paying agent/trustee fees	-	-	-	7,500
	-	-	-	-
	-	-	-	291,227
Total				
	-	-	-	(284,841)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
OTHER SOURCES OF FINANCING				
Transfers in (out)	-	-	-	1,609,004
	-	-	-	1,324,163
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES				
	-	-	-	-
Beginning Fund Balance				
	\$ -	\$ -	\$ -	\$ 1,324,163
Ending Fund Balance				

GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Budget Summary and Comparison - General Fund
Table # 9

	2016			2017
	Budget	Actual	Variance	Budget
REVENUES				
Property taxes	\$ 166,083	\$ 166,084	\$ 1	\$ 32,557
Specific ownership taxes	11,630	13,321	1,691	2,605
Net investment income	-	-	-	-
Other income	-	-	-	-
Total revenues	<u>177,713</u>	<u>179,405</u>	<u>1,692</u>	<u>35,162</u>
EXPENDITURES				
Current				
Accounting	15,000	20,243	(5,243)	16,000
Audit	-	-	-	4,400
County Treasurer's fees	2,491	2,491	-	488
District management	12,000	8,743	3,257	12,000
Dues and membership	400	316	84	400
Election	1,000	2,183	(1,183)	
Insurance	2,300	2,622	(322)	2,800
Landscaping	-	-	-	20,000
Legal	30,000	7,367	22,633	15,000
Miscellaneous	100	90	10	2,000
Contingency	3,709	-	3,709	2,912
Total expenditures	<u>67,000</u>	<u>44,055</u>	<u>22,945</u>	<u>76,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>110,713</u>	<u>135,350</u>	<u>24,637</u>	<u>(40,838)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other fund		28,599	28,599	-
Transfers to other fund	-	(20,080)	(20,080)	-
Total other financing sources (uses)	<u>-</u>	<u>8,519</u>	<u>8,519</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	110,713	143,869	33,156	(40,838)
FUND BALANCES - BEGINNING OF YEAR	1,904	(64)	(1,968)	112,766
FUND BALANCES - END OF YEAR	<u>\$ 112,617</u>	<u>\$ 143,805</u>	<u>\$ 31,188</u>	<u>\$ 71,928</u>

GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Budget Summary and Comparison - Capital Projects Fund
Table # 10

	2016			2017
	Budget	Actual	Variance	Budget
REVENUES				
Bond Proceeds	\$ 9,230,000	\$ 10,235,000	\$ 1,005,000	\$ -
Developer advance	12,550,000	12,817,753	267,753	-
Net investment income	1,000	51	(949)	-
Total revenues	<u>21,781,000</u>	<u>23,052,804</u>	<u>1,271,804</u>	<u>-</u>
EXPENDITURES				
Capital outlay	19,324,513	12,817,753	6,506,760	
Repay developer advance	-	7,592,675	(7,592,675)	
Bond issue costs	417,200	454,475	(37,275)	550,000
Accounting	-	518	(518)	
Consulting	-	3,270	(3,270)	
Engineering costs	-	16,590	(16,590)	
Total expenditures	<u>19,741,713</u>	<u>20,885,281</u>	<u>(1,143,568)</u>	<u>550,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>2,039,287</u>	<u>2,167,523</u>	<u>128,236</u>	<u>(550,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other fund	-	20,080	20,080	
Transfers to other fund	(2,039,287)	(1,637,603)	401,684	
Total other financing sources (uses)	<u>(2,039,287)</u>	<u>(1,617,523)</u>	<u>421,764</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	-	550,000	550,000	(550,000)
FUND BALANCES - BEGINNING OF YEAR				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
FUND BALANCES - END OF YEAR				
	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ -</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 1
ANNUAL DISCLOSURE
Budget Summary and Comparison - Debt Service Fund
Table # 11**

	2016			2017
	Budget	Actual	Variance	Budget
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 162,787
Specific ownership taxes	-	-		13,023
Net investment income	1,000	6,386	5,386	5,000
Total revenues	<u>1,000</u>	<u>6,386</u>	<u>5,386</u>	<u>180,810</u>
EXPENDITURES				
Debt service	-	-	-	
County Treasurer's fees	-	-	-	2,442
Interest charge - County Treasurer				
Bond principal				
Interest expense - Bonds	400,465	283,727	116,738	464,280
Paying agent fees	-	7,500	(7,500)	
Contingency	1,535	-	1,535	1,578
Total expenditures	<u>402,000</u>	<u>291,227</u>	<u>110,773</u>	<u>468,300</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other fund	2,039,287	1,609,004	(430,283)	-
Bond proceeds	-	-	-	-
Payment to refunding escrow agent	-	-	-	-
Discount on B coupon bonds	-	-	-	-
Total other financing sources (uses)	<u>2,039,287</u>	<u>1,609,004</u>	<u>(430,283)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,638,287	1,324,163	(314,124)	(287,490)
FUND BALANCES - BEGINNING OF YEAR	-	-	-	1,316,716
	<u>\$ 1,638,287</u>	<u>\$ 1,324,163</u>	<u>\$ (314,124)</u>	<u>\$ 1,029,226</u>