

**SILVER DOLLAR METROPOLITAN DISTRICT**  
—  
**FINANCIAL STATEMENTS**  
**December 31, 2016**



**RECEIVED**  
*By the Office of the State Auditor at 1:27 pm, Aug 22, 2017*

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Board of Directors  
Silver Dollar Metropolitan District  
Gilpin County, Colorado

### Independent Auditors' Report

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

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 the Silver Dollar Metropolitan District as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other-Matters***

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that 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 opinions on the basic financial statements are 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 Silver Dollar Metropolitan District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

*Simmons & Wheeler P.C.*

Centennial, CO  
June 1, 2017

## Silver Dollar Metropolitan District

### BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 309,846	\$ -	\$ -	\$ 309,846	\$ -	\$ 309,846
Cash and investments - restricted	14,000	1,139,787	83,936	1,237,723	-	1,237,723
Receivable - County Treasurer	1,547	5,637	-	7,184	-	7,184
Property tax receivable	364,524	1,326,411	-	1,690,935	-	1,690,935
Prepaid expenses	2,741	-	-	2,741	-	2,741
Capital assets	-	-	-	-	12,885,754	12,885,754
Total Assets	<u>692,658</u>	<u>2,471,835</u>	<u>83,936</u>	<u>3,248,429</u>	<u>12,885,754</u>	<u>16,134,183</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Cost of debt refunding	-	-	-	-	2,146,638	2,146,638
Total Deferred Outflows of Resources	-	-	-	-	2,146,638	2,146,638
Total Assets and Deferred Outflows of Resources	<u>\$ 692,658</u>	<u>\$ 2,471,835</u>	<u>\$ 83,936</u>	<u>\$ 3,248,429</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 7,185	\$ -	\$ -	\$ 7,185	-	7,185
Accrued interest on bonds	-	-	-	-	53,830	53,830
Long-term liabilities:						
Due within one year					1,105,000	1,105,000
Due in more than one year	-	-	-	-	18,260,000	18,260,000
Total Liabilities	<u>7,185</u>	<u>-</u>	<u>-</u>	<u>7,185</u>	<u>19,418,830</u>	<u>19,426,015</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	<u>364,524</u>	<u>1,326,411</u>	<u>-</u>	<u>1,690,935</u>	<u>-</u>	<u>1,690,935</u>
Total Deferred Inflows of Resources	<u>364,524</u>	<u>1,326,411</u>	<u>-</u>	<u>1,690,935</u>	<u>-</u>	<u>1,690,935</u>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Nonspendable:						
Prepays	2,741	-	-	2,741	(2,741)	-
Restricted:						
Emergencies	14,000	-	-	14,000	(14,000)	-
Debt service	-	1,145,424	-	1,145,424	(1,145,424)	-
Capital projects	-	-	83,936	83,936	(83,936)	-
Unassigned	<u>304,208</u>	<u>-</u>	<u>-</u>	<u>304,208</u>	<u>(304,208)</u>	<u>-</u>
Total Fund Balances	<u>320,949</u>	<u>1,145,424</u>	<u>83,936</u>	<u>1,550,309</u>	<u>(1,550,309)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 692,658</u>	<u>\$ 2,471,835</u>	<u>\$ 83,936</u>	<u>\$ 3,248,429</u>		
Net Position:						
Net investment in capital assets					(6,479,246)	(6,479,246)
Restricted for:						
Emergencies					14,000	14,000
Debt service					1,091,594	1,091,594
Capital projects					83,936	83,936
Unrestricted					<u>2,453,587</u>	<u>2,453,587</u>
Total Net Position					<u>\$(2,836,129)</u>	<u>\$(2,836,129)</u>

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

**Silver Dollar Metropolitan District**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
Ambulance funding	\$ 183,459	\$ -	\$ -	\$ 183,459	\$ -	\$ 183,459
Repair and maintenance	49,657	-	-	49,657	-	49,657
Accounting	9,494	-	-	9,494	-	9,494
Auditing	6,500	-	-	6,500	-	6,500
Management fees	30,000	-	-	30,000	-	30,000
Insurance	3,437	-	-	3,437	-	3,437
Legal	8,455	-	-	8,455	-	8,455
Treasurer's fees	10,810	39,390	-	50,200	-	50,200
Miscellaneous	7,176	-	-	7,176	-	7,176
Bond principal	-	1,070,000	-	1,070,000	(1,070,000)	-
Bond interest expense	-	683,517	-	683,517	279,494	963,011
Capital improvements	-	-	9,197	9,197	-	9,197
Total Expenditures	<u>308,988</u>	<u>1,792,907</u>	<u>9,197</u>	<u>2,111,092</u>	<u>(790,506)</u>	<u>1,320,586</u>
<b>GENERAL REVENUES</b>						
Property taxes	360,093	1,312,089	-	1,672,182	-	1,672,182
Specific ownership taxes	24,017	87,511	-	111,528	-	111,528
Interest income	257	8,467	1,440	10,164	-	10,164
Device fees	-	437,422	-	437,422	-	437,422
Reimbursed expenses	48,100	-	-	48,100	-	48,100
Total General Revenues	<u>432,467</u>	<u>1,845,489</u>	<u>1,440</u>	<u>2,279,396</u>	<u>-</u>	<u>2,279,396</u>
<b>NET CHANGES IN FUND BALANCES</b>	123,479	52,582	(7,757)	168,304	(168,304)	
<b>CHANGE IN NET POSITION</b>					958,810	958,810
<b>FUND BALANCES/NET POSITION:</b>						
BEGINNING OF YEAR	<u>197,470</u>	<u>1,092,842</u>	<u>91,693</u>	<u>1,382,005</u>	<u>(5,176,944)</u>	<u>(3,794,939)</u>
END OF YEAR	<u>\$ 320,949</u>	<u>\$ 1,145,424</u>	<u>\$ 83,936</u>	<u>\$ 1,550,309</u>	<u>\$ (4,386,438)</u>	<u>\$ (2,836,129)</u>

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

## Silver Dollar Metropolitan District

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

For the Year Ended December 31, 2016

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 360,113	\$ 360,093	\$ (20)
Specific ownership taxes	12,000	24,017	12,017
Interest income	500	257	(243)
Transfer from Blackhawk BID	4,000	-	(4,000)
Reimbursed expenses	48,000	48,100	100
Total Revenues	424,613	432,467	7,854
<b>EXPENDITURES</b>			
Ambulance funding	226,116	183,459	42,657
Repair and maintenance	48,000	49,657	(1,657)
Accounting	10,000	9,494	506
Auditing	6,500	6,500	-
Management fees	30,000	30,000	-
Insurance	3,000	3,437	(437)
Legal	10,000	8,455	1,545
Treasurer's fees	10,803	10,810	(7)
Dues/Miscellaneous	2,000	7,176	(5,176)
Contingency	144,711	-	144,711
Total Expenditures	491,130	308,988	182,142
<b>NET CHANGE IN FUND BALANCE</b>	(66,517)	123,479	189,996
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	124,225	197,470	73,245
END OF YEAR	\$ 57,708	\$ 320,949	\$ 263,241

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

# SILVER DOLLAR METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Silver Dollar Metropolitan District (“The District”) conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### **Definition of Reporting Entity**

The District, a quasi-municipal corporation, was organized on December 1, 2000 and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located within the City of Black Hawk, Gilpin County, Colorado. The District was established to provide street, safety, telephone and television relay and translation communication improvements, services and programs for alternative access, highway lighting and communication corridor improvements for the District. Pursuant to an amendment to the service plan the District also has the authority to provide ambulance services.

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

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus*, which amended GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

**SILVER DOLLAR METROPOLITAN DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The accompanying financial statements are presented per GASB Statement No. 34 – Special Purpose Governments.

**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.

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 measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

**Fund Equity**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

**SILVER DOLLAR METROPOLITAN DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. 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 above criteria.

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.

**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.

**SILVER DOLLAR METROPOLITAN DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Investments**

The District follows the practice of pooling cash 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.

**Property and Equipment**

Property and equipment are stated at cost except for those assets contributed which are stated at estimated fair market value at the date of contribution or at the Developer's cost. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Depreciation has been provided over the estimated useful lives of 20 years using the straight line method.

**Property Taxes**

Property taxes are levied by the District 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 assess the property tax obligation of 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 at the taxpayers election, in equal installments in February and June.

Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally 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 revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

**Reserved Fund Balance**

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

**SILVER DOLLAR METROPOLITAN DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 2 - CASH AND INVESTMENTS**

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

Statement of net position:

Cash and investments	\$ 309,846
Restricted investments	1,237,723
	<hr/>
	\$ 1,547,569

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

Deposits with financial institutions	\$ 1,042,108
Investments - ColoTrust	505,461
	<hr/>
	\$ 1,547,569

Deposits

**Custodial Credit Risk**

The Colorado Public Deposit Protection Act (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 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

While the District does not have a formal policy for deposits, as of December 31, 2016, none of the District's deposits in the amount of \$1,042,108 were exposed to custodial credit risk.

Investments

**Investment Valuation**

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.

## SILVER DOLLAR METROPOLITAN DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016

#### NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The District has the following recurring fair value measurements as of December 31, 2016:

An external investment pool that records its investments at fair value. The investment in COLOTRUST is categorized as a Level 2 Investment.

#### **Credit Risk**

The District has not adopted a formal investment policy, however the District follows state statutes regarding investments. Colorado statutes specify types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. government agency entities, certain money market funds, and local government pools.

#### **Custodial And Concentration Of Credit Risk**

None of the District's investments are subject to custodial or concentration of credit risk.

#### **Interest Rate Risk**

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

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

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2016, the District had \$505,461 invested in COLOTRUST.

**SILVER DOLLAR METROPOLITAN DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 3 – CAPITAL ASSETS**

**Capital Assets**

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2016</u>
<u>Capital assets not being depreciated:</u>				
Land and buildings	\$ 12,885,754	\$ -	\$ -	\$ 12,885,754
Total capital assets not being depreciated	<u>12,885,754</u>	<u>-</u>	<u>-</u>	<u>12,885,754</u>
Government type assets, net	<u>\$ 12,885,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,885,754</u>

**NOTE 4 – LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligations as of December 31, 2016:

	<u>Balance 1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2016</u>	<u>Current Portion</u>
General Obligation Loans	\$ 20,435,000	\$ -	\$ 1,070,000	\$ 19,365,000	\$ 1,105,000
	<u>\$ 20,435,000</u>	<u>\$ -</u>	<u>\$ 1,070,000</u>	<u>\$ 19,365,000</u>	<u>\$ 1,105,000</u>

**\$7,505,000 2013 A General Obligation Refunding Loan and \$15,545,000 2013 B (convertible to tax exempt) General Obligation Refunding Loan**, with interest at 3.29% payable to Compass Mortgage Corporation, its successors and assigns dated June 28, 2013. Interest is payable June 1 and December 1 of each year and principal is payable each December 1 of each commencing December 1, 2013. The District has the option to prepay the loans in whole or in part on any interest payment date prior to June 2023 at par plus accrued interest as well as a yield maintenance fee. After December 1, 2023 the District may prepay the loan without penalty or premium. The proceeds of the loan were used to refund the District's 2004 General Obligation Bonds.

**SILVER DOLLAR METROPOLITAN DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)**

**Advance Refunding of Debt**

The Series 2013 Loan was issued to provide resources to purchase securities to be placed in an irrevocable trust for the purpose of generating resources for all future debt payments of the Series 2004 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,048,902. This amount is recorded as a deferred outflow and is being amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the remaining life of the old debt at the time of the refunding by \$1,021,617 and resulted in an economic gain of \$748,469.

The District's long-term debt obligations will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,105,000	\$ 645,957	\$ 1,750,957
2018	1,145,000	609,098	1,754,098
2019	1,185,000	570,904	1,755,904
2020	1,220,000	532,832	1,752,832
2021	1,265,000	490,681	1,755,681
2022-2026	6,975,000	1,793,421	8,768,421
2027-2030	6,470,000	548,672	7,018,672
	<u>\$ 19,365,000</u>	<u>\$ 5,191,565</u>	<u>\$ 24,556,565</u>

**NOTE 5 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to 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.

**SILVER DOLLAR METROPOLITAN DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 5 – RISK MANAGEMENT (CONTINUED)**

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

**NOTE 6 – RELATED PARTY**

All members of the Board of Directors are business/property owners or employees or management of owners within the District and therefore may have conflicts of interest in dealing with the District.

**NOTE 7 – DEVICE FEE**

The District adopted a resolution effective January 1, 2002 imposing a device fee on gaming devices used within the District's boundaries. The fee is to be paid on all gaming devices for which the State has issued a device tax stamp. The rate per device per year charged for 2016 varied from \$55.49 to \$59.52. The fee has been imposed to aid in the payment of the 2013 A General Obligation Refunding Loan and the 2013B (convertible to tax exempt) General Obligation Refunding Loan,

**NOTE 8 – 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.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provision of TABOR.

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.

**SILVER DOLLAR METROPOLITAN DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 8 – TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

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.

On November 7, 2000 a majority of the District’s electors authorized the District to increase taxes \$500,000 annually and by the same amount adjusted for inflation plus annual local growth in each year as may be necessary to pay the District’s operations, maintenance and other expenses. Such taxes are to consist of a mill levy at a rate of up to 5 mills. The voters also authorized the District to collect, spend or retain in a reserve \$500,000 in the year 2000 and each year thereafter, and any additional amounts derived by the District in the year 2001 and thereafter from state and local government grants, specific ownership taxes, rates, fees, tolls and other such charges derived from any District facilities.

The voters also approved the District to increase debt by \$15,000,000 with a repayment cost of not more than \$60,000,000 and increase taxes by \$20,000,000 annually as necessary to pay the District’s debt. The purpose of the authorization is for the acquisition, construction, installation and completion of a system of street improvements.

Additional debt authorization in the amount of \$150,000,000 with repayment costs of \$600,000,000 was approved by the electors of the District for the purpose of refunding, paying or defeasing bonds, notes or other financial obligations of the District.

**NOTE 9 – RECONCILIATION OF *GOVERNMENT-WIDE* AND FUND FINANCIAL STATEMENTS**

**Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets – net of accumulated depreciation	\$ 12,885,754
Cost of debt refunding	\$ 2,146,638

**SILVER DOLLAR METROPOLITAN DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 9 – RECONCILIATION OF *GOVERNMENT-WIDE* AND FUND FINANCIAL STATEMENTS (CONTINUED)**

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. Cost of debt refunding is reflected on the Statement of Net Position.

Bonds and bond interest payable	\$ 19,418,830
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

**Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities**

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide statement of activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Interest expense	\$ 279,494
Principal	\$ (1,070,000)

Governmental funds report capital outlay and issue cost as expenditures. However in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation and amortization expense. The government funds record interest when paid. The adjustment in interest expense reflects the reversal of the accrued interest at December 31, 2016, the accrual of interest at December 31, 2016 and the amortization of the cost of debt refunding. Principal payments are reflected as a reduction in long-term debt on the Statement of Net Position.

## **SUPPLEMENTAL INFORMATION**

## Silver Dollar Metropolitan District

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

For the Year Ended December 31, 2016

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 1,312,160	\$ 1,312,089	\$ (71)
Specific ownership taxes	45,000	87,511	42,511
Interest income	2,000	8,467	6,467
Device fees	437,379	437,422	43
Total Revenues	1,796,539	1,845,489	48,950
<b>EXPENDITURES</b>			
Bond principal	1,070,000	1,070,000	-
Bond interest expense	683,517	683,517	-
Paying agent fees	3,000	-	3,000
Treasurer's fees	40,000	39,390	610
Total Expenditures	1,796,517	1,792,907	3,610
<b>NET CHANGE IN FUND BALANCE</b>	22	52,582	52,560
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	1,071,756	1,092,842	21,086
END OF YEAR	\$ 1,071,778	\$ 1,145,424	\$ 73,646

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

## Silver Dollar Metropolitan District

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2016

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Interest income	\$ 1,000	\$ 1,440	\$ 440
Total Revenues	1,000	1,440	440
<b>EXPENDITURES</b>			
Capital improvements	-	9,197	(9,197)
Contingency	91,801	-	91,801
Total Expenditures	91,801	9,197	82,604
<b>NET CHANGE IN FUND BALANCE</b>	(90,801)	(7,757)	83,044
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	90,801	91,693	892
END OF YEAR	\$ -	\$ 83,936	\$ 83,936

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