

**COLLEGE CREEK METROPOLITAN
DISTRICT**

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended December 31, 2016



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COLLEGE CREEK METROPOLITAN DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
College Creek Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each major fund of the College Creek 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.

Auditors' 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 those 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 the College Creek Metropolitan District, as of December 31, 2016, and the respective changes in financial

position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hoelting & Company Inc.

Colorado Springs, Colorado
May 26, 2017

**COLLEGE CREEK METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2016**

As management of the College Creek Metropolitan District (the District) we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- Assets of the District exceeded its liabilities by \$2,859,868 during the fiscal year resulting in a positive net position balance.
- The District's total net position increased by \$745,626.
- As of the close of the current fiscal year, the District's general fund reported an ending fund balance surplus of \$262,519.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances as a whole, in a manner similar to a private-sector business and includes two statements:

The *statement of net position* presents information on all of the District's assets, deferred outflows and inflows and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information reporting how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the District that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include costs of general operations.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole. The District has a general fund, which is a governmental fund.

Governmental Funds: The District's basic services are included in this governmental fund, which focuses on (1) how money flows into and out of the fund and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District. The District adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, total assets exceeded liabilities and deferred inflows by \$2,859,868 as of December 31, 2016 resulting in a positive net position balance.

Condensed Statement of Net Position

	2016	2015
Current and other assets	\$ 267,531	\$ 4,761
Capital assets, net of depreciation	5,032,738	4,970,308
Total assets	5,300,269	4,975,069
Current and other liabilities	949,961	843,182
Long-term liabilities	1,487,777	2,017,645
Total liabilities	2,437,738	2,860,827
Deferred property tax revenue	2,663	-
Net position:		
Net investment in capital assets	3,544,961	2,952,663
Restricted	24,300	-
Unrestricted	(709,393)	(838,421)
Total net position	\$ 2,859,868	\$ 2,114,242

Condensed Statement of Activities

	2016	2015
Revenues:		
General revenues:		
Property taxes	\$ 6,237	\$ 6,180
Specific ownership taxes	711	637
Investment earnings	9	-
Other income	800,000	-
Total revenues	806,957	6,817
Expenses:		
General government	19,331	2,178
Stormwater drainage	42,000	42,000
Total expenses	61,331	44,178
Change in net position	745,626	(37,361)
Net position, beginning	2,114,242	2,151,603
Net position, ending	\$ 2,859,868	\$ 2,114,242

ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is the operating fund of the District. The fund balance for the general fund was a surplus of \$262,519 at the end of the current fiscal year. The general fund budget was not amended during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Interest in the amount of \$104,430 was capitalized as part of construction and progress during the year. At the end of current fiscal year, the District had \$5,032,738 in net capital assets.

Debt Administration

At the end of current fiscal year, the District had \$1,487,777 of developer advances outstanding. \$529,868 of developer advances were paid off during the year.

ECONOMIC FACTORS

- In light of the increase in commercial activity along the Interquest Parkway corridor and the nearby planned sports field complex on the western side of Federal Drive, College Creek Metropolitan District anticipates increased tax revenues from vertical infrastructure within the District in the near future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cathy Lane, College Creek Metropolitan District, P.O. Box 2076 Colorado Springs, CO 80901.

BASIC FINANCIAL STATEMENTS

**COLLEGE CREEK METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

ASSETS

Cash and cash equivalents	\$ 264,806
Cash with County Treasurer	62
Property taxes receivable	2,663
Capital assets not being depreciated	3,107,738
Capital assets, net of depreciation	<u>1,925,000</u>
Total assets	<u>5,300,269</u>

LIABILITIES

Accounts payable	2,349
Accrued interest	947,612
Long-term liabilities:	
Due within one year	-
Due in more than one year	<u>1,487,777</u>
Total liabilities	<u>2,437,738</u>

DEFERRED INFLOWS OF RESOURCES

Deferred property tax revenue	<u>2,663</u>
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NET POSITION

Net investment in capital assets	3,544,961
Restricted for:	
Emergency reserves (TABOR)	24,300
Unrestricted	<u>(709,393)</u>
Total net position	<u><u>\$ 2,859,868</u></u>

The accompanying notes are an integral part of these financial statements.

**COLLEGE CREEK METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 19,331	\$ -	\$ -	\$ -	\$ (19,331)
Stormwater drainage	42,000	-	-	-	(42,000)
Total governmental activities	\$ 61,331	\$ -	\$ -	\$ -	(61,331)
General revenues:					
Property taxes					6,237
Specific ownership taxes					711
Investment earnings					9
Other income					800,000
Total general revenues					806,957
Change in net position					745,626
Net position - beginning					2,114,242
Net position - ending					\$ 2,859,868

The accompanying notes are an integral part of these financial statements.

**COLLEGE CREEK METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2016**

ASSETS

Cash and cash equivalents	\$ 264,806
Cash with County Treasurer	62
Property taxes receivable	<u>2,663</u>
Total assets	<u><u>\$ 267,531</u></u>

LIABILITIES

Accounts payable	<u>\$ 2,349</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred property tax revenue	<u>2,663</u>
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FUND BALANCE

Restricted for:	
Emergency reserves (TABOR)	24,300
Unassigned	<u>238,219</u>
Total fund balance	<u>262,519</u>

Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 267,531</u></u>
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The accompanying notes are an integral part of these financial statements.

**COLLEGE CREEK METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total fund balance - governmental funds	\$	262,519
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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 governmental funds. However in the statement of net position, the cost of these assets are capitalized and the costs of those tangible assets with determinable lives are recovered through annual depreciation charges to program expenses.

Capital assets		5,032,738
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Accrued interest is not due and payable in the current period and therefore, is not reported as a liability in the funds.		(947,612)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Developer Advances		<u>(1,487,777)</u>
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Net position of governmental activities	\$	<u><u>2,859,868</u></u>
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The accompanying notes are an integral part of these financial statements.

**COLLEGE CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

REVENUES	
Property taxes	\$ 6,237
Specific ownership taxes	711
Fees	800,000
Interest	<u>9</u>
Total revenues	<u>806,957</u>
 EXPENDITURES	
Current:	
General government	<u>19,331</u>
Total expenditures	<u>19,331</u>
Excess (deficiency) of revenues over expenditures	787,626
 OTHER FINANCING SOURCES (USES)	
Payment on Developer Advances	<u>(529,868)</u>
Net change in fund balance	257,758
Fund balance - beginning	<u>4,761</u>
Fund balance - ending	<u><u>\$ 262,519</u></u>

The accompanying notes are an integral part of these financial statements.

**COLLEGE CREEK METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Total change in fund balance - governmental funds	\$	257,758
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation		(42,000)
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The repayment of developer advances consumes financial resources of governmental funds; however, this repayment has no effect on net position.

		529,868
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Change in net position of governmental activities

	\$	745,626
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

COLLEGE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College Creek Metropolitan District (the “District”) is a quasi-municipal political subdivision of the State of Colorado formed under Colorado Statutes on June 28, 2006 for the purpose of providing a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. This District, as a metropolitan district, derives its power from state statutes. Among the express statutory powers of the District are the powers of taxation and eminent domain, and the power to borrow money and issue both general obligation and revenue bonds.

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles as applied to local governments and promulgated by the Governmental Accounting Standards Board (GASB). A summary of the significant accounting policies used in the preparation of these financial statements follows.

A. REPORTING ENTITY

The District is a “special district” that operates under the control of an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following governmental fund:

The *General Fund* is the government’s primary operating fund. It accounts for all financial resources of the general government.

COLLEGE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The 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 period or soon enough thereafter to pay liabilities of the current fiscal 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible

**COLLEGE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Capital Assets

Capital assets, which include construction in progress, are reported in the governmental activities 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 and an economic useful life equal to or greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Land and construction in progress are not depreciated. The stormwater drainage system is depreciated using the straight line method over the following estimated useful lives:

Stormwater Drainage System	50 years
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Long-term Liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

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

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The governmental fund reports property taxes levied for the succeeding year as deferred property tax revenue. The deferred property tax revenues are recognized in the succeeding year as revenue when the lien attaches and the taxes become available.

COLLEGE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Net position flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

COLLEGE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Program revenues include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

Property taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1. The tax levy is payable in two installments due February 28 and June 15, or in one installment due April 30. The county treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied. The tax rate for the year ended December 31, 2016 was 40.000 mills. The District's assessed valuation for 2016 was \$154,400.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the fall, the District submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution.
4. Any revisions that alter the budget must be approved by the Board by passage of a resolution.
5. Formal budgetary integration is employed as a management control device during the year.
6. The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or amended by the Board.

Excess of expenditures of appropriations

For the year ended December 31, 2016, expenditures exceeded appropriations in the General fund \$543,023. These overexpenditures were funded by greater than anticipated revenues.

COLLEGE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk—deposits. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits.

At December 31, 2016, the carrying amount of the District’s deposits was \$264,806 and the bank balances were \$264,806. Of the total bank balances, \$250,000 was covered by FDIC insurance. The remaining balance of \$14,806 falls under the provisions of the Colorado Public Deposit Protection Acts which are collateralized in single institution pools.

Investments

The District is authorized by Colorado State Statutes to invest in the following:

- Bonds and other interest-bearing obligations of the United States government.
- Bonds and other interest-bearing obligations which are guaranteed by the United States government.
- Bonds which are a direct obligation of the State of Colorado or of any city, county, or school district therein.
- Notes or bonds issued pursuant to the “National Housing Act”.
- Repurchase agreements.
- Local government investment pools.

The District was not invested in any of the proceeding as of December 31, 2016.

Credit Risk. State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices.

Interest Rate Risk. State law limits investments with a maximum maturity date of no more than five years from the date of purchase. The District does not have an investment policy that would further limit its investment choices.

**COLLEGE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 310,000	\$ -	\$ -	\$ 310,000
Construction in progress	<u>2,693,308</u>	<u>104,430</u>	<u>-</u>	<u>2,797,738</u>
Total capital assets, not being depreciated	<u>3,003,308</u>	<u>104,430</u>	<u>-</u>	<u>3,107,738</u>
Capital assets, being depreciated:				
Stormwater drainage system	2,100,000	-	-	2,100,000
Less accumulated depreciation	<u>(133,000)</u>	<u>(42,000)</u>	<u>-</u>	<u>(175,000)</u>
Total capital assets, being depreciated, net	<u>1,967,000</u>	<u>(42,000)</u>	<u>-</u>	<u>1,925,000</u>
Total Capital assets, net	<u>\$ 4,970,308</u>	<u>\$ 62,430</u>	<u>\$ -</u>	<u>\$ 5,032,738</u>

As of December 31, 2016, \$947,612 of construction in progress is comprised of capitalized interest. \$104,430 of interest was capitalized in 2016.

NOTE 5 – LONG-TERM LIABILITIES

Developer Advances

On January 18, 2007, the District entered into a reimbursement agreement with S2J, Inc. the (“Developer”), for advances paid by the Developer in the amount of \$1,144,108. On November 23, 2015, a cost analysis certified all costs to date associated with planning, engineering, and infrastructure construction in the cumulative amount of \$1,850,126.

Changes in long-term liabilities

Changes in the District’s long-term liabilities for the year ended December 31, 2016 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Developer Advances	<u>\$ 2,017,645</u>	<u>\$ -</u>	<u>\$ (529,868)</u>	<u>\$ 1,487,777</u>	<u>\$ -</u>
Total	<u>\$ 2,017,645</u>	<u>\$ -</u>	<u>\$ (529,868)</u>	<u>\$ 1,487,777</u>	<u>\$ -</u>

COLLEGE CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 – NET POSITION

Net position is reported in three separate categories—net investment in capital assets; net position-restricted; and net position-unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources; reduced by borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2016, net investment in capital assets was as follows:

Capital assets, net of depreciation	\$ 5,032,738
Related long-term liabilities	<u>(1,487,777)</u>
	<u>\$ 3,544,961</u>

Net position-restricted is the difference between non-capital assets whose use is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation, and related liabilities and deferred inflows of resources (excluding capital-related borrowings).

As of December 31, 2016, net position-restricted was as follows:

Emergency reserves (TABOR)	<u>\$ 24,300</u>
	<u>\$ 24,300</u>

Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is automatically classified as net position-unrestricted.

NOTE 7 – RELATED PARTIES

The District has a reimbursement agreement with the developer, who is a landowner within the District, whereby the developer advances funds either by paying the costs of improvements and operations and maintenance directly, or by advancing moneys to the District for such purposes. No amounts were provided to the District through advances from the developer during 2016. \$529,868 was repaid to developers in 2016 from opt-out fees received by the District (See Note 5).

COLLEGE CREEK METROPOLITAN DISTRICT
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NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during any of the last three fiscal years.

NOTE 9 - AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 7, 2006 District voters elected to exempt the District from the revenue limits of the Amendment.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE CREEK METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 6,176	\$ 6,176	\$ 6,237	\$ 61
Specific ownership taxes	-	-	711	711
Fees	-	-	800,000	800,000
Interest	-	-	9	9
	<u>6,176</u>	<u>6,176</u>	<u>806,957</u>	<u>800,781</u>
EXPENDITURES				
Current:				
General government	<u>6,176</u>	<u>6,176</u>	<u>19,331</u>	<u>(13,155)</u>
Total expenditures	<u>6,176</u>	<u>6,176</u>	<u>19,331</u>	<u>(13,155)</u>
Excess (deficiency) of revenues over expenditures	-	-	787,626	787,626
OTHER FINANCING SOURCES (USES)				
Payment on Developer Advances	<u>-</u>	<u>-</u>	<u>(529,868)</u>	<u>(529,868)</u>
Net change in fund balance	-	-	257,758	257,758
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>4,761</u>	<u>4,761</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,519</u>	<u>\$ 262,519</u>

The accompanying notes are an integral part of these financial statements.