

**CUCHARS RANCH METROPOLITAN DISTRICT**

**El Paso County, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2016**



**RECEIVED**

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Dazzio & Associates, PC

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Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Cuchares Ranch Metropolitan District  
El Paso County, Colorado

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

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

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

### **Auditor's Responsibility**

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

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

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

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

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cuchares Ranch Metropolitan District's basic financial statements. The budget to actual schedule for the debt service and capital projects funds (the Supplemental Information) and the schedule of debt service requirements to maturity and the summary of assessed valuation, mill levy and property taxes collected (the Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was 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 budget to actual schedule for the debt service fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*Duzzio & Associates, P.C.*

April 20, 2017

## **BASIC FINANCIAL STATEMENTS**

**CUCHARS RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments - unrestricted	\$ 25,456
Cash and investments - restricted	462,110
Due from County Treasurer	2,825
Prepaid expenses	2,814
Property taxes receivable	331,782
Total assets	824,987
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts and wages payable	1,424
Accrued bond interest payable	23,852
Bonds payable:	
Due in more than one year	5,875,000
Total liabilities	5,900,276
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property taxes revenues	331,782
Total deferred inflows of resources	331,782
 <b>NET POSITION</b>	
Restricted:	
Emergency reserves	1,050
Debt service	436,760
Capital improvements	4,323
Unrestricted	(5,849,204)
Total net position	\$ (5,407,071)

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ 1,104,136	\$ -	\$ -	\$ -	\$ (1,104,136)
Interest and fiscal charges	590,684	-	-	-	(590,684)
Total governmental activities	<u>\$ 1,694,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,694,820)</u>
General revenues:					
Taxes:					
Property taxes					282,760
Specific ownership taxes					32,535
Net investment income					2,446
Total general revenues					<u>317,741</u>
Change in net position					(1,377,079)
Net position - Beginning of year					(4,029,992)
Net position - End of year					<u>\$ (5,407,071)</u>

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments - unrestricted	\$ 25,456	\$ -	\$ -	\$ 25,456
Cash and investments - restricted	-	457,787	4,323	462,110
Due from County Treasurer	-	2,825	-	2,825
Prepaid expenditures	2,814	-	-	2,814
Property taxes receivable	35,346	296,436	-	331,782
<b>TOTAL ASSETS</b>	<b>\$ 63,616</b>	<b>\$ 757,048</b>	<b>\$ 4,323</b>	<b>\$ 824,987</b>
<b>LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts and wages payable	\$ 1,424	\$ -	\$ -	\$ 1,424
Total liabilities	1,424	-	-	1,424
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenues	35,346	296,436	-	331,782
Total deferred inflows of resources	35,346	296,436	-	331,782
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid expenditures	2,814	-	-	2,814
Spendable:				
Restricted for emergencies	1,050	-	-	1,050
Restricted for debt service	-	460,612	-	460,612
Restricted for capital improvements	-	-	4,323	4,323
Assigned for subsequent year's expenditures	21,144	-	-	21,144
Unassigned	1,838	-	-	1,838
Total fund balances	26,846	460,612	4,323	491,781
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 63,616</b>	<b>\$ 757,048</b>	<b>\$ 4,323</b>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Accrued bond interest payable	(23,852)
Bonds payable	(5,875,000)
	(5,898,852)
Net position of governmental activities	<b>\$ (5,407,071)</b>

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
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>
<b>REVENUES</b>				
Property tax	\$ -	\$ 282,760	\$ -	\$ 282,760
Specific ownership tax	-	32,535	-	32,535
Net investment income	-	2,424	22	2,446
Total revenues	<u>-</u>	<u>317,719</u>	<u>22</u>	<u>317,741</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	5,405	-	-	5,405
Audit	3,500	-	-	3,500
Legal	15,111	-	-	15,111
Director's fees and payroll taxes	215	-	-	215
Election costs	1,333	-	-	1,333
Insurance and bonds	2,446	-	-	2,446
County Treasurer's fees	-	4,242	-	4,242
Office supplies	149	-	-	149
Bank service charges	135	363	3	501
Dues and subscriptions	291	-	-	291
Debt service:				
Bond issuance costs	-	281,570	-	281,570
Paying agent fees	-	200	-	200
Interest and fiscal charges	-	230,080	-	230,080
Capital outlay:				
Reimbursement to Developer for capital improvements constructed and previously dedicated to other entities	-	-	1,070,943	1,070,943
Total expenditures	<u>28,585</u>	<u>516,455</u>	<u>1,070,946</u>	<u>1,615,986</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(28,585)</u>	<u>(198,736)</u>	<u>(1,070,924)</u>	<u>(1,298,245)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	35,000	(39,304)	4,304	-
Refunding/improvement bonds issued	-	4,804,057	1,070,943	5,875,000
Payment to refunded bonds escrow	-	(4,624,601)	-	(4,624,601)
Total other financing sources (uses)	<u>35,000</u>	<u>140,152</u>	<u>1,075,247</u>	<u>1,250,399</u>
<b>NET CHANGE IN FUND BALANCES</b>	6,415	(58,584)	4,323	(47,846)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	20,431	519,196	-	539,627
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 26,846</u>	<u>\$ 460,612</u>	<u>\$ 4,323</u>	<u>\$ 491,781</u>

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ (47,846)</u>
<p>Long-term debt (e.g. bonds, loans) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Refunding/improvement bonds issued	(5,875,000)
Payment to refunded bonds escrow	4,624,601
Interest included in payment to refunded bonds escrow	(79,601)
Change in interest bond interest payable	<u>767</u>
	<u>(1,329,233)</u>
Change in net position - Governmental activities	<u><u>\$ (1,377,079)</u></u>

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

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

	<b>Original and Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Accounting	4,100	5,405	(1,305)
Audit	3,600	3,500	100
Legal	20,000	15,111	4,889
Director's fees and payroll taxes	1,300	215	1,085
Election costs	4,000	1,333	2,667
Insurance and bonds	2,200	2,446	(246)
Office supplies	100	149	(49)
Bank service charges	-	135	(135)
Dues and subscriptions	350	291	59
Contingency	2,000	-	2,000
Total expenditures	<u>37,650</u>	<u>28,585</u>	<u>9,065</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(37,650)</u>	<u>(28,585)</u>	<u>9,065</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	30,000	35,000	5,000
Total other financing sources (uses)	<u>30,000</u>	<u>35,000</u>	<u>5,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(7,650)	6,415	14,065
<b>FUND BALANCE - BEGINNING OF YEAR</b>	22,168	20,431	(1,737)
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 14,518</u>	<u>\$ 26,846</u>	<u>\$ 12,328</u>

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

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Cuchares Ranch Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 20, 2007 and is governed pursuant to provisions of the Colorado Special District Act. The District's boundaries are located in El Paso County, Colorado. The District was established to provide financing for the construction, operation and maintenance of public infrastructure improvements within and without the District's boundaries. Since organization, all District services have been provided by the Colorado Centre Metropolitan District pursuant to an addendum to an inclusion agreement (See Note 5), or the County.

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

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

The District is not financially accountable 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. For the most part, 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 assets and deferred outflows, and liabilities and deferred inflows of the District being reported as net position.

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.

**CUCHARS RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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* accounts for the resources from bond proceeds that are to be used for capital improvements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

**Budgets**

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to adopt 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

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

For the year ended December 31, 2016, supplementary appropriations approved by the District modified the appropriation from \$331,866 to \$5,181,795 in the Debt Service Fund and from \$0 to \$1,070,946 in the Capital Projects Fund.

**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 funds' average equity balance in 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 certified by December 15 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 30 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 inflows of resources 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.

**Fund Equity**

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. 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 amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

**CUCHARES RANCH METROPOLITAN DISTRICT  
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Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**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 – unrestricted	\$ 25,456
Cash and investments – restricted	<u>462,110</u>
Total cash and investments	<u><u>\$ 487,566</u></u>

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

**Cash 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 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 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.

At December 31, 2016, the District's cash deposits with financial institutions that had a bank balance of \$86,580 and carrying balance of \$80,771.

**Investments**

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments. Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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- . Obligations of the United States and certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . 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

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

**COLOTRUST**

At December 31, 2016, the District had \$406,795 invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreement collateralized by certain obligations of the U.S. government agencies. COLOTRUST is rated AAAM by Standard and Poor's. The District's funds were invested in the COLOTRUST PLUS+ portfolio.

**Investment Valuation**

The District has certain investments which are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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. The District's investments in COLOTRUST are valued using Level 2 inputs.

**Restricted Cash and Investments**

At December 31, 2016, the District reports cash and investments in the amount of \$462,110 held by the Debt Service and Capital Projects Funds as restricted. The amounts are restricted for debt service on the District's outstanding bonds and for capital improvements, respectively.

**NOTE 4 – 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.

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016	Current Portion
<b>Governmental Activities:</b>					
G. O. Limited Tax Capital					
Appreciation Bonds Series 2011	\$ 4,545,000	\$ -	\$ 4,545,000	\$ -	\$ -
G.O. Limited Tax Refunding and Improvement Bonds Series 2016A	-	5,205,000	-	5,205,000	-
Subordinate General Obligation Limited Tax Bonds Series 2016B	-	670,000	-	670,000	-
	<u>\$ 4,545,000</u>	<u>\$ 5,875,000</u>	<u>\$ 4,545,000</u>	<u>\$ 5,875,000</u>	<u>\$ -</u>

**General Obligation Limited Tax Capital Appreciation Bonds, Series 2011**

On May 1, 2012, the District issued \$4,545,000 General Obligation Limited Tax Capital Appreciation Bonds, Series 2011 to finance the costs of construction and certain infrastructure. The bonds bear interest at a rate of 6.5% and mature in annual installments on December 1 of each year beginning in 2018 through 2041. Interest is due to be paid annually on December 1 beginning in 2016 through 2041.

The bonds are secured by pledged revenue comprised of (a) the required mill levy; (b) the specific ownership taxes collected by the District; and (c) any other legally available moneys which the District's Board of Directors determines in its sole discretion to apply as pledged revenue. The required mill levy consists of an ad valorem mill levy (a mill being equal to 1/10 of 1¢) imposed upon all taxable property of the District each year in the amount of forty-five (45) mills less \$30,000 for operations and maintenance of the District; provided however, that (i) in the event the method of calculating assessed valuation is changed after the date of issuance of the Bonds, the forty-five (45) mill levy provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the District's Board of Directors in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes, but in no event will any such adjustment increase the amount of the Required Mill Levy higher than fifty (50) mills; and (ii) in the event the mill levy provided herein would produce revenue in excess of that required to repay all principal and interest on the Bonds, then such mill levy shall be reduced to a mill levy which will produce revenue sufficient to repay all principal and interest on the Bonds.

For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

The Bonds shall be subject to redemption prior to maturity as follows: (a) *Optional Redemption* - the bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, on December 1, 2015, and on any date thereafter, upon payment of par and accrued interest, without redemption premium and, (b) *Mandatory Sinking Fund Redemption* - the bonds also are subject to mandatory sinking fund redemption prior to the maturity date, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 beginning in 2018.

On March 8, 2016 the District issued the General Obligation Limited Tax Refunding and Improvement Bonds Series 2016A, the proceeds of which were used to refund and pay in full the

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

outstanding principal and accrued interest on the General Obligation Limited Tax Capital Appreciation Bonds, Series 2011, which are no longer outstanding.

**General Obligation Limited Tax Refunding and Improvement Bonds Series 2016A**

On March 8, 2016, the District issued \$5,205,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2016A to reimburse a Developer-related entity for the costs of certain public improvements, pay the costs of issuance of the bonds, and pay the costs of refunding the General Obligation Limited Tax Capital Appreciation Bonds, Series 2011. The bonds are term bonds maturing on December 1, 2045 and bear interest at 5.000%. Interest is due to be paid semiannually on June 1 and December 1, beginning in 2016 through 2045. The bonds are subject to mandatory sinking fund redemption beginning in 2018 through 2044, with final non-sinking fund redemption in 2045. The bonds are subject to redemption prior to maturity on December 1, 2021, and on any date thereafter, upon payment of par, accrued interest and redemption premium as follows: 3.00% for dates of redemption December 1, 2021 to November 30, 2022; 2.00% for dates of redemption December 1, 2022 to November 30, 2023; 1.00% for dates of redemption December 1, 2023 to November 30, 2024; and no redemption premium on December 1, 2024 and thereafter.

In anticipation of the issuance of the 2016 bonds, the District and Developer entered into a Termination of Infrastructure Acquisition Agreement on February 11, 2016. The parties agreed that as long as the Developer received at least \$700,000 in net proceeds from the issuance of the bonds, the Infrastructure Acquisition Agreement, dated November 3, 2008, would be terminated. The terms of the Termination of Infrastructure Agreement were met and the Infrastructure Acquisition Agreement was terminated effective March 8, 2016, and all amounts due to the Developer under the Infrastructure Acquisition Agreement were written off by the Developer and are no longer owed by the District.

The Series 2016A Senior Bonds are limited tax general obligations of the District secured by and payable from the Senior Pledged Revenue consisting of moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Senior Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

The Series 2016A Senior Bonds are also secured by amounts held by the Trustee in the Senior Reserve Fund and Surplus Fund, if any.

The Senior Required Mill Levy is defined as follows:

- (a) Subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient, when combined with other legally available moneys then in the Senior Bond Fund (not including moneys in the Senior Reserve Fund or the Surplus Fund) to pay the principal of, premium if any, and interest on the Series 2016A Senior Bonds as the same become due and payable, and to fund the Senior Reserve Fund up to the Required Reserve, but (i) not in excess of forty-five (45) mills less the amount of the Operations Mill Levy, and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than forty-five (45) mills less the amount of the Operations Mill Levy, or such lesser mill levy which, when combined with other legally available moneys then in the Senior Bond Fund, will

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permit the District to fully fund the Senior Bond Fund for the next Senior Bond Year and pay the Series 2016A Senior Bonds as they come due, to fund the Senior Reserve Fund up to the Required Reserve, and to fund the Surplus Fund up to the Maximum Surplus Amount; provided, however, that in the event the method of calculating assessed valuation is or was changed on or after January 1, 2007, the mill levy provided in the Senior Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

- (b) Notwithstanding anything in the Senior Indenture to the contrary, in no event may the Senior Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Senior Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Senior Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

The Operations Mill Levy is defined to mean, with respect to any particular levy year, the number of mills necessary to produce the dollar amount of the Operations Deduction for the collection year. The "Operations Deduction" is defined in the Indentures to mean the amount reasonably determined by the District as being necessary to pay the District's operations and maintenance expenses, but not in excess of the following: (i) for levy year 2015 (for collection in 2016), the amount of \$35,000, and (ii) for each levy year thereafter, the dollar amount produced in the prior year plus 1%.

**Subordinate General Obligation Limited Tax Bonds Series 2016B**

On March 8, 2016, the District issued \$670,000 Subordinate General Obligation Limited Tax Bonds, Series 2016B to reimburse a Developer-related entity for the costs of certain public improvements and pay the costs of issuance of the bonds. The bonds are term bonds maturing on December 15, 2045 bear interest at 7.750%. Interest is due to be paid annually on December 1, beginning in 2016 through 2045 and principal on December 31, 2045 to the extent of Subordinate Pledged Revenue.

Notwithstanding anything in the Subordinate Indenture to the contrary, all of the Series 2016B Subordinate Bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on December 16, 2056 (the "Termination Date"), regardless of the amount of principal and interest paid prior to the Termination Date; provided however, that the foregoing shall not relieve the District of the obligation to impose the Subordinate Required Mill Levy each year prior to the Termination Date and apply the Subordinate Pledged Revenue in the manner required in the Subordinate Indenture.

The bonds are subject to redemption prior to maturity on December 15, 2021, and on any date thereafter, upon payment of par, accrued interest and redemption premium as follows: 3.00% for dates of redemption December 15, 2021 to December 14, 2022; 2.00% for dates of redemption

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December 15, 2022 to December 14, 2023; 1.00% for dates of redemption December 15, 2023 to December 14, 2024; and no redemption premium on December 15, 2024 and thereafter.

The Series 2016B Subordinate Bonds are limited tax general obligations of the District secured by and payable from the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

The Subordinate Required Mill Levy is defined as follows:

- (a) Subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in the amount of (i) forty-five (45) mills less the amount of the Operations Mill Levy and the Senior Bond Mill Levy (discussed below), or (ii) such lesser mill levy which, after deduction of the Operations Mill Levy and the Senior Bond Mill Levy, and when combined with other Subordinate Pledged Revenue legally available in the Subordinate Bond Fund, will permit the District to fully fund the Subordinate Bond Fund for the next Subordinate Bond Year and pay all of the principal of and interest on the Series 2016B Subordinate Bonds in full; provided, however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2007, the mill levy provided in the Subordinate Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. It is the intent of the Subordinate Indenture that if the amount of the Senior Bond Mill Levy equals or exceeds forty-five (45) mills less the amount of the Operations Mill Levy in any year, adjusted for changes in law as aforesaid, the Subordinate Required Mill Levy for that year shall be zero.
- (b) Notwithstanding anything in the Subordinate Indenture to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted By the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

**Refunding**

As described above, on March 8, 2016, the District refunded and paid \$4,545,000 of General Obligation Limited Tax Capital Appreciation Bonds, Series 2011 dated May 2, 2012 with an interest rate of 6.500% by the issuance of \$5,205,000 General Obligation Limited Tax Refunding and Improvement Bonds Series 2016A, with an interest rate of 5.000%.

**CUCHARES RANCH METROPOLITAN DISTRICT  
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The current refunding increased the District's total debt service payments over the next 30 years by almost \$183,987 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$503,009. In the government-wide statements, the District did not incur a gain or cost on refunding.

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ -	\$ 312,175	\$ 312,175
2018	50,000	312,175	362,175
2019	50,000	309,675	359,675
2020	60,000	307,175	367,175
2021	65,000	304,175	369,175
2022-2026	425,000	1,465,375	1,890,375
2027-2031	635,000	1,339,875	1,974,875
2032-2036	920,000	1,153,875	2,073,875
2037-2041	1,265,000	891,125	2,156,125
2042-2045	2,405,000	459,700	2,864,700
	<u>\$ 5,875,000</u>	<u>\$ 6,855,325</u>	<u>\$ 12,730,325</u>

The District's authorized but unissued debt at December 31, 2016 is as follows. The District does not anticipate issuing any of the authorized debt during 2017.

<b>Purpose</b>	<b>Amount Authorized 11/4/2008</b>	<b>Amount Issued 5/1/2012</b>	<b>Amount Issued 3/8/2016</b>	<b>Authorized But Unissued</b>
Water	\$ 4,000,000	\$ (1,042,169)	\$ (502,123)	\$ 2,455,708
Sanitation	4,000,000	(1,487,124)	(650,185)	1,862,691
Streets	4,000,000	(1,845,724)	-	2,154,276
Safety protection	4,000,000	-	-	4,000,000
Park and recreation	4,000,000	(169,983)	-	3,830,017
Public transportation	4,000,000	-	-	4,000,000
Mosquito control	4,000,000	-	-	4,000,000
Operations	4,000,000	-	-	4,000,000
Refunding	4,000,000	-	(177,692)	3,822,308
	<u>\$ 36,000,000</u>	<u>\$ (4,545,000)</u>	<u>\$ (1,330,000)</u>	<u>\$ 30,125,000</u>

**NOTE 5 – INTERGOVERNMENTAL AGREEMENTS**

On February 26, 2009, concurrent with the inclusion of properties into the Colorado Centre Metropolitan District ("CCMD"), the District and CCMD entered into an Addendum to Inclusion Petition Agreement (the "Addendum"). The Addendum provides, inter alia: 1) consent for the overlapping of district boundaries for the District and CCMD pursuant to §32-1-107(3), C.R.S.; 2) CCMD will provide all services to properties located within the District, absent separate agreement authorizing the provision of services by the District; 3) the District continues to be empowered to

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finance construct, acquire and install public improvements authorized under the District's Service Plan, as amended, provided that such improvements are dedicated to other governmental entities for ongoing operation and maintenance; 4) CCMD will not object to the incurring of debt or other obligations or expenses for the benefit of the District to allow the District to finance, construct, acquire and install public improvements necessary to receive services by CCMD; and 5) in the event the District were required to consolidate with another district, the District agrees to continue to pay its outstanding general obligation debt, if any. The remaining provisions of the Addendum are terms, conditions and agreements between the Petitioners and CCMD and do not involve the District.

The District was initially organized pursuant to a service plan approved by the County on May 24, 2007, which service plan was amended in July 2008 (collectively, the "Original Service Plan"). The Original Service Plan was subsequently amended and superseded in its entirety on September 22, 2015 (as amended and currently exists, the "Service Plan"), to limit the District's powers under Article 1 of Title 32, Colorado Revised Statutes, as amended ("C.R.S") to the financing and refinancing the construction, acquisition, installation and replacement of water, wastewater, storm sewer and drainage, fire protection, streets, street lights, traffic signals, bridges, parks and recreation, mosquito control and safety protection facilities and improvements (the "Public Improvements"). Such Public Improvements, upon construction, are to be conveyed to Colorado Centre or another governmental entity for ownership, operation and maintenance. The District does not provide and has no responsibility to provide any utility services to its residents, as all such services, including water, wastewater, street lights, fire protection, trash collection, internet, and parks and recreation, are provided by Colorado Centre.

**NOTE 6 - FUND EQUITY**

At December 31, 2016, the District reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$2,814 is comprised of prepaid amounts which are not in spendable form.

**Restricted Fund Balance**

The restricted fund balance in the amount of \$1,050 in the General Fund is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

The restricted fund balance in the Debt Service Fund in the amount of \$460,612 is to be used exclusively for debt service requirements (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$4,323 is to be used for capital improvements.

**Assigned Fund Balance**

The assigned fund balance in the General Fund in the amount of \$21,144 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 7 - 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:

Restricted:	
Emergencies	\$ 1,050
Debt service	436,760
Capital improvements	<u>4,323</u>
	<u>\$ 442,133</u>

In the government-wide financial statements, the District's had an unrestricted net position deficit of \$5,849,204 as a result of capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

**NOTE 8 – INTERFUND TRANSFERS**

During the year ended December 31, 2016, the District transferred \$35,000 from the Debt Service Fund to the General Fund to be used for the payment operations and maintenance expenditures as allowed by the District's outstanding bonds (See Note 4). The Debt Service Fund also transferred \$4,304 to the Capital Projects Fund which represented the remaining balance of the cost of issuance fund for the 2016 bond issuances, which is restricted for capital improvements.

**NOTE 9 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, as amended from time to time, the District may be 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, public officials' liability and workers compensation. 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.

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 10 - 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.

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.

On November 4, 2008, the voters of the District authorized the District taxes to be increased by \$2,000,000 annually, or by such lesser annual amount necessary to pay the District's operations, maintenance, and other expenses, such amount to consist of an ad valorem mill levy imposed without limitation of rate. The proceeds of these taxes and the investment income thereon to be collected and spent by the District as a voter-approved revenue change in 2009 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes, and without limiting in any year the amount of other revenues that may be collected by the District.

Also on November 4, 2008, the voters of the District authorized the District to collect, retain and spending any and all amounts annually from any revenue sources, whatsoever other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, income, or charge imposed, collected, or authorized by law to be imposed or collected by the District. Such revenues to be collected and spent by the District as a voter-approved revenue changes without regard to any spending, revenue-raising, or other limitation within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

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.

**SUPPLEMENTAL INFORMATION**

**CUCHARES RANCH METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
Year Ended December 31, 2016**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Property tax	\$ 282,741	\$ 282,741	\$ 282,760	\$ 19
Specific ownership tax	31,554	31,554	32,535	981
Net investment income	50	50	2,424	2,374
Total revenues	<u>314,345</u>	<u>314,345</u>	<u>317,719</u>	<u>3,374</u>
<b>EXPENDITURES</b>				
County Treasurer's fees	4,241	4,241	4,242	(1)
Bank service charges	-	105	363	(258)
Bond interest	295,425	230,080	230,080	-
Bond issuance costs	-	281,264	281,570	(306)
Paying agent fees	200	200	200	-
Contingency	2,000	2,000	-	2,000
Total expenditures	<u>301,866</u>	<u>517,890</u>	<u>516,455</u>	<u>1,435</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>12,479</u>	<u>(203,545)</u>	<u>(198,736)</u>	<u>4,809</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(30,000)	(39,304)	(39,304)	-
Refunding/improvement bonds issued	-	4,805,110	4,804,057	(1,053)
Payment to refunded bonds escrow	-	(4,624,601)	(4,624,601)	-
Total other financing sources (uses)	<u>(30,000)</u>	<u>141,205</u>	<u>140,152</u>	<u>(1,053)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(17,521)	(62,340)	(58,584)	3,756
<b>FUND BALANCE - BEGINNING OF YEAR</b>	737,564	519,196	519,196	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 720,043</u>	<u>\$ 456,856</u>	<u>\$ 460,612</u>	<u>\$ 3,756</u>

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

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Net investment income	\$ -	\$ 22	\$ 22	\$ -
Total revenues	<u>-</u>	<u>22</u>	<u>22</u>	<u>-</u>
<b>EXPENDITURES</b>				
Bank service charges	-	3	3	-
Reimbursement to Developer for capital improvements constructed and previously dedicated to other entities	-	1,070,943	1,070,943	-
Total expenditures	<u>-</u>	<u>1,070,946</u>	<u>1,070,946</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>(1,070,924)</u>	<u>(1,070,924)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	4,304	4,304	-
Refunding/improvement bonds issued	-	1,070,943	1,070,943	-
Total other financing sources (uses)	<u>-</u>	<u>1,075,247</u>	<u>1,075,247</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	4,323	4,323	-
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 4,323</u>	<u>\$ 4,323</u>	<u>\$ -</u>

## **OTHER INFORMATION**

**CUCHARS RANCH METROPOLITAN DISTRICT**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2016**

**\$5,205,000 General Obligation Limited  
Tax Refunding and Improvement Bonds,  
Series 2016 A, Dated March 8, 2016, Interest  
Rate 5.000%, Interest Due Semiannually on  
June 1 and December 1, Principal Due  
on December 1 (Mandatory Sinking Fund)**

**\$670,000 Subordinate General Obligation  
Limited Tax Bonds, Series 2016B,  
Dated March 8, 2016, Interest Rate 7.750%  
Interest Due Annually on December 15,  
Principal Due at Maturity on  
December 15, 2045**

Year Ending December 31,	\$5,205,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2016 A, Dated March 8, 2016, Interest Rate 5.000%, Interest Due Semiannually on June 1 and December 1, Principal Due on December 1 (Mandatory Sinking Fund)			\$670,000 Subordinate General Obligation Limited Tax Bonds, Series 2016B, Dated March 8, 2016, Interest Rate 7.750% Interest Due Annually on December 15, Principal Due at Maturity on December 15, 2045			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ -	\$ 260,250	\$ 260,250	\$ -	\$ 51,925	\$ 51,925	\$ -	\$ 312,175	\$ 312,175
2018	50,000	260,250	310,250	-	51,925	51,925	50,000	312,175	362,175
2019	50,000	257,750	307,750	-	51,925	51,925	50,000	309,675	359,675
2020	60,000	255,250	315,250	-	51,925	51,925	60,000	307,175	367,175
2021	65,000	252,250	317,250	-	51,925	51,925	65,000	304,175	369,175
2022	75,000	249,000	324,000	-	51,925	51,925	75,000	300,925	375,925
2023	75,000	245,250	320,250	-	51,925	51,925	75,000	297,175	372,175
2024	85,000	241,500	326,500	-	51,925	51,925	85,000	293,425	378,425
2025	90,000	237,250	327,250	-	51,925	51,925	90,000	289,175	379,175
2026	100,000	232,750	332,750	-	51,925	51,925	100,000	284,675	384,675
2027	105,000	227,750	332,750	-	51,925	51,925	105,000	279,675	384,675
2028	120,000	222,500	342,500	-	51,925	51,925	120,000	274,425	394,425
2029	125,000	216,500	341,500	-	51,925	51,925	125,000	268,425	393,425
2030	140,000	210,250	350,250	-	51,925	51,925	140,000	262,175	402,175
2031	145,000	203,250	348,250	-	51,925	51,925	145,000	255,175	400,175
2032	160,000	196,000	356,000	-	51,925	51,925	160,000	247,925	407,925
2033	170,000	188,000	358,000	-	51,925	51,925	170,000	239,925	409,925
2034	185,000	179,500	364,500	-	51,925	51,925	185,000	231,425	416,425
2035	195,000	170,250	365,250	-	51,925	51,925	195,000	222,175	417,175
2036	210,000	160,500	370,500	-	51,925	51,925	210,000	212,425	422,425
2037	220,000	150,000	370,000	-	51,925	51,925	220,000	201,925	421,925
2038	240,000	139,000	379,000	-	51,925	51,925	240,000	190,925	430,925
2039	250,000	127,000	377,000	-	51,925	51,925	250,000	178,925	428,925
2040	270,000	114,500	384,500	-	51,925	51,925	270,000	166,425	436,425
2041	285,000	101,000	386,000	-	51,925	51,925	285,000	152,925	437,925
2042	305,000	86,750	391,750	-	51,925	51,925	305,000	138,675	443,675
2043	320,000	71,500	391,500	-	51,925	51,925	320,000	123,425	443,425
2044	345,000	55,500	400,500	-	51,925	51,925	345,000	107,425	452,425
2045	765,000	38,250	803,250	670,000	51,925	721,925	1,435,000	90,175	1,525,175
	<u>\$ 5,205,000</u>	<u>\$ 5,349,500</u>	<u>\$ 10,554,500</u>	<u>\$ 670,000</u>	<u>\$ 1,505,825</u>	<u>\$ 2,175,825</u>	<u>\$ 5,875,000</u>	<u>\$ 6,855,325</u>	<u>\$ 12,730,325</u>

**CUCHARS RANCH METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION , MILL LEVY  
AND PROPERTY TAXES COLLECTED  
TOTAL DISTRICT  
Year Ended December 31, 2016**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Property Taxes		Percentage Collected to Levied
		General	Debt Service	Total	Levied	Collected	
2009	\$ 45,150	25.000	20.000	45.000	\$ 2,032	\$ 2,031	100.0%
2010	\$ 140,180	45.000	0.000	45.000	\$ 6,308	\$ 6,500	103.0%
2011	\$ 412,110	45.000	0.000	45.000	\$ 18,545	\$ 19,075	102.9%
2012	\$ 1,665,770	45.000	0.000	45.000	\$ 74,960	\$ 74,083	98.8%
2013	\$ 2,417,800	0.000	45.000	45.000	\$108,801	\$108,814	100.0%
2014	\$ 4,005,980	0.000	45.000	45.000	\$180,269	\$180,266	100.0%
2015	\$ 5,347,590	0.000	45.000	45.000	\$240,642	\$239,859	99.7%
2016	\$ 6,283,140	0.000	45.000	45.000	\$282,741	\$282,760	100.0%
Estimated for year ending December 31, 2016	\$ 7,372,930	4.794	40.206	45.000	\$331,782		

**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.