

BYERS VIEW METRO DISTRICT

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2017

E

RECEIVED

Office of the State Auditor

September 13, 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Required Supplementary Information:	
Management's Discussion and Analysis	2-6
Financial Statements:	
Governmental Fund Balance Sheet/Statement of Net Position	7
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	8
Notes to Financial Statements	9-22
Required Supplementary Information:	
Budgetary Comparison Schedule	23
Other Supplemental Information:	
Schedule of Capital Improvements and Conveyances	24

Board of Directors
Byers View Metro District
Fraser, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Byers View Metropolitan District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Byers View Metropolitan District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 major fund of the Byers View Metropolitan District as of December 31, 2017 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, listed as required supplementary information 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 accounting standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding 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 supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance thereon.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the West Mountain Metropolitan District's basic financial statements. The Other Supplemental Information, consisting of the Schedule of Capital Improvements as listed in the table of contents, is for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplemental information is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.



MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
August 8, 2018

**BYERS VIEW METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Byers View Metropolitan District (the "District") is a quasi-municipal corporation governed pursuant to provisions of the Special District Act. The District's service area is located in Grand County, Colorado.

As management of Byers View Metropolitan District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

The District is the "service district" in a triple district structure whereby the District is constructing the infrastructure for the West Mountain Metropolitan District and West Meadow Metropolitan District. The District entered into an Inter-District Intergovernmental Agreement with these Districts, and pursuant to this Agreement, the District is obligated to construct and provide the initial financing for the primary infrastructure for the development area. West Mountain Metropolitan District and West Meadow Metropolitan District are the "financing districts" and as such will ultimately pay "capital and service obligations" to the District for the infrastructure development in the Districts. The District will then use the funds received from West Mountain Metropolitan District and West Meadow Metropolitan District to pay off the District's debt.

The District's primary activity in 2017 was related to purchasing public improvements to be subsequently conveyed to the Town of Fraser, Colorado. Such infrastructure will be used by the constituents of the District and maintained by the party to which the infrastructure was conveyed. All costs incurred were funded by Developer advances which are repayable to the Developer at a later date using funds received from West Mountain Metropolitan District and West Meadow Metropolitan District.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2017 are as follows:

- During 2017, the District capitalized public improvements in the amount of \$1,491,809 in exchange for long-term promissory notes payable to Grand Park Development, LLC (the "Developer") in the amount of \$988,133 and capital materials reimbursements of \$503,676.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of information on the same statement that present different views of the District:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status in a manner similar to private-sector business.
- *Fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

BYERS VIEW METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the statement of net position and the statement of activities, the overall view of the District as a whole, looks at all financial transactions and asks the question, "How did we do financially during the current fiscal year?"

The statement of net position and statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid. The focus of the government-wide financial statements is on the overall financial position and activities of the District; therefore, the statement of net position and the statement of activities are constructed around the concept of an overall primary reporting government, which includes all funds of the District.

In the statement of net position and the statement of activities, District operations are reported as a "Governmental Activity." Governmental activities are generally financed through non-exchange revenues. All of the District's programs and services are currently reported here (there are currently no business-type activities). The District's net position – the difference between assets plus deferred outflows and liabilities plus deferred inflows – is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position, as well as other non-financial factors, is one indicator of whether *financial health* is improving or deteriorating.

FUND FINANCIAL STATEMENTS

The fund financial reports provide more detailed information about the District's *funds*, focusing on its most significant funds – not on the District as a whole. The District has one major governmental fund, the General Fund. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental Funds

The District's activity is reported as a governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. Funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is provided in reconciliations in the notes to the financial statements. The District maintains the following governmental fund:

General Fund – The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The District adopts an annual appropriated budget for its General Fund, for which budgetary comparison statements have been provided to demonstrate compliance with this budget.

NOTES TO THE FINANCIAL STATEMENTS

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

BYERS VIEW METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The perspective of the Statement of Net Position is of the District as a whole. Following is a summary of the District's net position for the current and prior fiscal year:

	<u>Governmental Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Increase(Decrease)</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 369,696	\$ 151,005	\$ 218,691
Non-current Assets –			
Due from Financing Districts	24,179,103	22,124,569	2,054,534
Capital Assets, Net	<u>6,974,807</u>	<u>5,541,341</u>	<u>1,433,466</u>
Total Assets	<u>31,523,606</u>	<u>27,816,915</u>	<u>3,706,691</u>
<u>LIABILITIES:</u>			
Current Liabilities	290,167	91,597	198,570
Non-current Liabilities	<u>24,258,632</u>	<u>22,183,977</u>	<u>2,074,655</u>
Total Liabilities	<u>24,548,799</u>	<u>22,275,574</u>	<u>2,273,225</u>
<u>NET POSITION:</u>			
Investment in Capital Assets,			
Net of Related Debt	6,974,807	5,541,341	1,433,466
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 6,974,807</u>	<u>\$ 5,541,341</u>	<u>\$ 1,433,466</u>

Total assets increased primarily from increases in the "capital and service obligations" receivable from the "Financing Districts" West Mountain Metropolitan District and West Meadow Metropolitan District, for infrastructure development and services provided by Byers View Metropolitan District as the "service district" for the development area. Total assets include capital assets held by the District which will be conveyed to other governments at a later date.

Total liabilities increased from amounts due to the Developer for current year infrastructure development.

The District currently has no deferred outflows or deferred inflows of resources reportable on its Statement of Net Position.

All assets and liabilities have been invested in, or are held for investment in, capital assets; therefore, the total Net Position of the District is wholly reflected as Investment in Capital Assets, Net of Related Debt.

BYERS VIEW METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

Statement of Activities

The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general revenues, resulting in the overall change in net position for the current and prior fiscal years:

	Governmental Activities		
	2017	2016	Increase (Decrease)
<u>REVENUES:</u>			
<i>Program Revenues:</i>			
Charges for Services	\$ -	\$ -	\$ -
Operating Grants & Contributions	150,624	497,367	(346,743)
Capital Grants & Contributions	2,596,891	745,836	1,851,055
<i>General Revenues:</i>			
Interest & Investment Earnings	1,143	660	483
Total Revenues	2,748,658	1,243,863	1,504,795
<u>EXPENSES:</u>			
General Government	107,470	105,567	1,903
Asset Conveyances to Other Governments	-	-	-
Interest and Other Fiscal Charges	1,207,722	1,196,876	10,846
Total Expenses	1,315,192	1,302,443	12,749
Increase (Decrease) in Net Position	\$ 1,433,466	\$ (58,580)	\$ 1,492,046

The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services.

Operating and Capital Grants and Contributions include plant investment fees and current year increases in amounts due from the "Financing Districts" (West Mountain Metropolitan District and West Meadow Metropolitan District) for infrastructure development and services provided by Byers View Metropolitan District. These amounts increase or decrease from year-to-year based on the activity level for development within the development area as infrastructure is accepted by the District.

During 2017, the District received plant investment fees in the amount of \$46,200. The District accrued interest of \$1,207,722 and repaid interest of \$121,200 on long-term obligations due to developer.

General government operating expenditure increases correspond with the increased level of infrastructure acceptances into the District and conveyances of infrastructure to other governments.

During 2017, the District completed no conveyances of infrastructure to the Town of Fraser.

BYERS VIEW METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

THE DISTRICT'S GENERAL FUND

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District utilizes a General Fund for its operating activities. The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. As discussed above, for financial reporting purposes the District's General Fund is considered a governmental fund and is reported on the modified accrual basis of accounting.

At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, any inflows from loans are presented as a revenue item while outflows for capital outlay and any debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses. The Developer advances are reflected as a source of funds in the fund financial statements and those advances were used to pay for the expenditures incurred during the year.

The District's General Fund ending fund balance increased from \$59,408 to \$79,529 during the current fiscal year. This represents the excess of current period revenues (financial sources) over current period expenditures (financial uses). The ending fund balance of \$79,529 is the amount of net resources available for future spending.

GENERAL FUND BUDGETING HIGHLIGHTS

The District's procedures in establishing the budgetary data reflected in the financial statements are summarized in *Note 1(D)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles for governmental entities. The District uses a line-item based budget designed to control line-item expenditures, but provide flexibility for overall budgetary management. The Board of Directors and management strive to budget appropriate amounts for each line-item in order to provide services in the most economical manner.

Developer advances and related capital outlay varied due to timing of acceptances by the District and the Town of Fraser, but were within overall budgetary expectations. Plant investment fee revenues received from the Town of Fraser exceeded budgetary expectations. The District's general administrative expenditures were within budgetary expectations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District held \$6,974,807 of net capital assets consisting of Roads, Water and Sewer infrastructure that are intended to be conveyed to other governments at a later date. Current year depreciation on capital assets not intended to be immediately conveyed to the Town of Fraser, Colorado, is \$58,343.

Long-term Debt

The District's long-term debt at the end of 2017 consists of obligations to the Developer for funds advanced to the District, as more fully described in Note 4 of the financial statements.

REQUEST FOR INFORMATION:

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Byers View Metropolitan District, c/o Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, CO 81632, phone (970) 926-6060.

BYERS VIEW METROPOLITAN DISTRICT
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
December 31, 2017

	General Fund	Adjustments (Note 7)	Statement of Net Position
<u>ASSETS:</u>			
Current Assets:			
Cash & Cash Equivalents	\$ 56,498	\$ -	\$ 56,498
Intergovernmental Receivable	7,722	-	7,722
Due from Developer	298,722	-	298,722
Prepaid Expenses	6,754	-	6,754
Non-Current Assets:			
Capital & Service Obligation			
Due from Financing Districts	-	24,179,103	24,179,103
Capital Assets, Net	-	6,974,807	6,974,807
Total Assets	\$ 369,696	31,153,910	31,523,606
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 290,167	-	290,167
Non-current Liabilities:			
Accrued Interest	-	8,516,131	8,516,131
Note Payable-Developer (Series 2006)	-	2,803,193	2,803,193
Note Payable-Developer (Series 2008)	-	3,050,545	3,050,545
Note Payable-Developer (Series 2009)	-	5,638,957	5,638,957
Note Payable-Developer (Series 2010)	-	641,373	641,373
Note Payable-Developer (Series 2011)	-	226,554	226,554
Note Payable-Developer (Series 2013)	-	623,437	623,437
Note Payable-Developer (Series 2013-B)	-	206,432	206,432
Note Payable-Developer (Series 2014)	-	965,095	965,095
Note Payable-Developer (Series 2015)	-	598,782	598,782
Note Payable-Developer (Series 2017)	-	988,133	988,133
Total Liabilities	290,167	24,258,632	24,548,799
<u>FUND BALANCE/NET POSITION:</u>			
Fund Balance:			
Non-spendable	6,754	(6,754)	-
Unassigned	71,275	(71,275)	-
Restricted - TABOR	1,500	(1,500)	-
Total Fund Balance	79,529	(79,529)	-
Total Liabilities and Fund Balance	\$ 369,696		
Net Position:			
Investment in Capital Assets, Net of related Debt		6,974,807	6,974,807
Unrestricted		-	-
Total Net Position		\$ 6,974,807	\$ 6,974,807

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

BYERS VIEW METROPOLITAN DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	General Fund	Adjustments (Note 8)	Statement of Activities
<u>REVENUES:</u>			
Intergovernmental Service Revenues	\$ 143,105	\$ (143,105)	\$ -
Interest Income	1,143	-	1,143
Developer Contributions	-	503,676	503,676
Intergovernmental Contributions	-	2,243,839	2,243,839
Total Revenues	144,248	2,604,410	2,748,658
<u>EXPENDITURES/EXPENSES:</u>			
General Government:			
Accounting & Audit	12,241	-	12,241
Insurance	7,512	-	7,512
Legal	10,719	-	10,719
Office & Administrative	95	-	95
Water Lease	18,560	-	18,560
Depreciation Expense	-	58,343	58,343
Capital Outlay & Maintenance	1,491,809	(1,491,809)	-
Debt Service:			
Principal	-	-	-
Interest	121,200	1,086,522	1,207,722
Total Expenditures/Expenses	1,662,136	(346,944)	1,315,192
Excess (Deficiency) of Revenues Over Expenditures	(1,517,888)	2,951,354	1,433,466
<u>OTHER FINANCING SOURCES (USES):</u>			
Advances from Developer	1,491,809	(1,491,809)	-
Plant Investment Fees	46,200	(46,200)	-
Asset Conveyances to Other Governments	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	20,121	(20,121)	-
Change in Net Position	-	1,433,466	1,433,466
Fund Balance/Net Position:			
Beginning of the Year	59,408	5,481,933	5,541,341
Fund Balance/Net Position: End of the Year	\$ 79,529	\$ 6,895,278	\$ 6,974,807

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

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Byers View Metropolitan District, herein referred to as the District; conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The Byers View Metropolitan District, a quasi-municipal corporation located in Grand County, Colorado, was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body of the District consists of a Board of Directors which is elected by the registered voters within the District. The purpose of the District is to provide certain essential public-purpose facilities for the use and benefit of the residents and owners of real property located within the boundaries of the District, whereby such public improvements are to be dedicated to the Town of Fraser, Colorado, or to some other appropriate governmental or non-profit entity as approved in writing by the Town, for the use and benefit of the District's inhabitants and taxpayers, unless a disposition other than dedication is agreed to with the Town. The District has entered into a Master Intergovernmental Agreement with the Town of Fraser, West Mountain Metropolitan District and West Meadow Metropolitan District for coordination and financing of services which is further discussed in *Note 10* of the financial statements.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity. Component units also include organizations that are closely related to, or financially integrated with, the primary government. Financial integration may be exhibited and documented through the policies, practices, or organizational documents of either the primary government or the organization being evaluated as a potential component unit.

Based on the criteria discussed above and conclusions of the District's legal counsel, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other primary governmental entity. The District's financial statements include the accounts of all District operations.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

GOVERNMENT-WIDE STATEMENTS

The statement of net position and the statement of activities columns on the financial statements display information about the primary government (the District). These statements include the financial activities of the overall government. The statement of net position presents the financial condition of governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities.

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

FUND FINANCIAL STATEMENTS

The fund column on the financial statements provides information about the District's governmental fund. Governmental fund financial statements are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available expendable resources."

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations based upon the purposes for which they are to be spent and by the means by which spending activities are controlled. The fund focus is on current available resources and budget compliance. During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The single governmental fund of the District is the General Fund.

FINANCIAL STATEMENT RECONCILIATION

The fund financial statements and the government-wide statements are combined with a column that reconciles the fund financial data to government-wide data. Additional reconciling information is found in Notes 7 and 8 of the financial statements.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

GOVERNMENT-WIDE 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, are recognized on an accrual basis in the fiscal year for which the non-exchange transaction occurs.

FUND FINANCIAL STATEMENTS

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The District considers all revenues available if they are collected within 60 days after year-end. Material revenue sources may include amounts considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period.

Taxpayer-assessed local property and specific ownership taxes, if any, are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for un-matured principal and interest on general long-term debt, which is recognized when due. Proceeds of general long-term liabilities are reported as other financing sources.

D. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District accountant 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. A “Notice of Budget” is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board shall adopt, by resolution, the budget for the ensuing fiscal year and shall certify the tax levy, unless an election for increased property tax levy is being held. The statutory deadline for certification of mill levies to the Board of County Commissioners if an election for an increased property tax levy is being held is December 15.
4. On or before December 31, the Board shall pass an annual appropriating resolution in which such sums of money shall be appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting, continued

5. Budgets for all funds are adopted on the modified accrual basis, which provides that debt principal payments and capital outlay are treated as expenditures.
6. After adoption of the budget resolution, the District may make by resolution the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District's funds for 2017.

E. Property Taxes

Property taxes are normally levied on December 15, and attach as an enforceable lien on property on January 1st of the following year. They may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th. District property taxes levied and collected by the County are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31; however, since the taxes are not currently available, the receivable is recorded as deferred a deferred inflow of resources (unavailable revenue) which represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

The District is *authorized* to levy taxes at 50 mills against all of the taxable property within the District for the purpose of operating, maintenance and other related metropolitan district expenses; however no property taxes have been levied.

F. Capital Assets

General capital assets generally result from expenditures in the governmental fund. These assets, if retained by the District, are reported in governmental activities, but are not reported in fund financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available, and are updated for additions and retirements (including conveyances) during the year. Donated assets are valued at their estimated fair value on the date of donation. Repairs and maintenance that do not add to the value of the asset or materially extend an assets useful life are recorded as expenditures; while renewals and betterments are capitalized. Capital assets not intended for future conveyance are depreciated over their useful lives using the straight-line method over 40 years.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term obligations are recognized as a liability on the governmental fund financial statements when due.

H. Net Position and Fund Balance

In the government-wide financial statements, net position is as follows:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the fund financial statements, governmental fund balances are classified as follows:

Nonspendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund.

It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

J. Fair Values of Financial Instruments

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted market prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2017, the District's investments in CSafe were reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

NOTE 2 - CASH AND INVESTMENTS

Deposits and Investments

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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which included obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA. At December 31, 2017, all of the District's deposits were either held in deposit accounts insured by the Federal Deposit Insurance Corporation (FDIC) or in eligible depositories as required by PDPA.

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - CASH AND INVESTMENTS - continued

Deposits and Investments - continued

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

- Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee valley authority, and certain international agency securities, including the World Bank.
- General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- Bankers' acceptances of certain banks
- Certain securities lending agreements
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment contracts
- Local government investment pools
- The investing local government's own securities including certificates of participation and lease obligations.

Local Government Investment Pool (CSAFE)

As of December 31, 2017 the District held balances of \$131,497 with the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the Trust. The Trust operates similarly to a money market fund with each share equal in value to \$1.00. Investments in the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services to the Trust in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. The Trust is rated "AAAm" by Standard & Poor's. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form. Balance sheet carrying amounts reflect outstanding items at year-end.

Cash and cash equivalents consist of these investments (Level 2) rated as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
CSAFE (Local Govt Investment Pool)	\$ 131,497	AAAm	Standard & Poors

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - CASH AND INVESTMENTS - continued

Risk Disclosures

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The District has deposits in CSAFE which is rated as “AAAm” by the Standard and Poor’s rating service as described above.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government’s investment in a single issuer, occurs when deposits are not diversified. The District’s policy places no limit on the amount it may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by PDPA, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an informal investment policy that limits investment maturities as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. As of December 31, 2017, the District had no investments subject to interest rate risk.

The District was not subject to foreign currency risk as of December 31, 2017.

NOTE 3 - CAPITAL ASSETS

	Balance 1/01/17	Additions	Conveyances	Balance 12/31/17
Infrastructure:				
Work-in-Progress	\$ -	\$ 503,676	\$ -	\$ 503,676
Roads	3,819,546	153,434	-	3,972,980
Water System	1,452,253	398,404	-	1,850,657
Sewer System	83,893	355,922	-	439,815
Water Rights	456,702	59,495	-	516,197
Wetlands	101,633	20,878	-	122,511
Less Accum Depreciation	<u>(372,686)</u>	<u>(58,343)</u>	<u>-</u>	<u>(431,029)</u>
 TOTALS	 <u>\$ 5,541,341</u>	 <u>\$ 1,433,466</u>	 <u>\$ -</u>	 <u>\$ 6,974,807</u>

Depreciation is calculated using the straight-line method. Infrastructure held by the District at year-end will be conveyed to other governments at a future date.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - LONG-TERM OBLIGATIONS

The District has the following long-term obligations payable to Grand Park Development, LLC, a Colorado Limited Liability Company, which has funded ongoing infrastructure development for the District in exchange for the following Limited Obligation Notes Payable to Developer—

Series 2006: Dated March 12, 2006, in the amount of \$2,803,193 plus interest of 8% per annum. Interest payable has accrued in the amount of \$872,289 as of the fiscal year-end.

Series 2008: Dated March 13, 2008, in the amount of \$3,050,545 plus interest of 8% per annum. Interest payable has accrued in the amount of \$2,426,200 as of the fiscal year-end

Series 2009: Dated February 20, 2009, in the amount of \$5,638,957 plus interest of 8% per annum. Interest payable has accrued in the amount of \$4,053,784 as of the fiscal year-end.

Series 2010: Dated November 11, 2010, in the amount of \$641,373 plus interest of 8% per annum. Interest payable has accrued in the amount of \$371,426 as of the fiscal year-end.

Series 2011: Dated November 18, 2011, in the amount of \$226,554 plus interest of 8% per annum. Interest payable has accrued in the amount of \$112,622 as of the fiscal year-end.

Series 2013: Dated January 9, 2013, in the amount of \$623,437 plus interest of 8% per annum. Interest payable has accrued in the amount of \$251,730 as of the fiscal year-end.

Series 2013-B: Dated November 20, 2013, in the amount of \$206,432 plus interest of 8% per annum. Interest payable has accrued in the amount of \$68,903 as of the fiscal year-end.

Series 2014: Dated November 18, 2014, in the amount of \$965,095 plus interest of 8% per annum. Interest payable has accrued in the amount of \$244,276 as of the fiscal year-end.

Series 2015: Dated November 12, 2015, in the amount of \$598,782 plus interest of 8% per annum. Interest payable has accrued in the amount of \$103,922 as of the fiscal year-end.

Series 2017: Dated November 9, 2017, in the amount of \$988,133 plus interest of 8% per annum. Interest payable has accrued in the amount of \$10,979 as of the fiscal year-end.

The repayment obligations of the above Notes were authorized by the electors of the District at a public election held on November 2, 2004. Reimbursement of the obligations is limited only to funds that are legally available after payment of other District obligations that are not appropriated, encumbered, pledged or dedicated for any other purpose, and that have been appropriated for the repayment of the Notes and are available pursuant to Section 2(c) of the Infrastructure Acquisition Agreement dated as of December 20, 2005, but no later than 40 years after the original date of the Notes unless prepaid at the option of the District. The Notes shall continue to bear interest at the rate specified thereon, without interest on accrued but unpaid interest.

The maximum principal amount of debt that may be issued by the District pursuant to voter authorization at the November 2, 2004 election is \$99,000,000 as reduced by any reimbursements made directly from other revenues, of which \$0 has been reimbursed.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - LONG-TERM OBLIGATIONS - continued

Following is a summary of the above Notes Payable:

	Balance 01/01/17	Additions	Reductions	Balance 12/31/17	Amounts Due Within One Year
Notes Payable:					
Series 2006	\$ 2,803,193	\$ -	\$ -	\$ 2,803,193	\$ -
Series 2008	3,050,545	-	-	3,050,545	-
Series 2009	5,638,957	-	-	5,638,957	-
Series 2010	641,373	-	-	641,373	-
Series 2011	226,554	-	-	226,554	-
Series 2013	623,437	-	-	623,437	-
Series 2013B	206,432	-	-	206,432	-
Series 2014	965,095	-	-	965,095	-
Series 2015	598,782	-	-	598,782	-
Series 2017	-	988,133	-	988,133	-
Accrued Interest	7,429,609	1,207,722	(121,200)	8,516,131	-
TOTALS	\$ 22,183,977	\$ 2,195,855	\$ (121,200)	\$ 24,258,632	\$ -

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2017, the pool made no distributions to the District.

NOTE 6 - CONTINGENCIES

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of these financial statements.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The District's non-current intergovernmental receivables due from the financing districts (see *Note 10*) are not due and receivable in the current year and, accordingly, are not reported as fund assets, while all assets are reported in the Statement of Net Position, regardless of the timing of related cash flows.

The District's long-term obligations are not due and payable in the current year and accordingly, are not reported as fund liabilities, while all liabilities are reported in the Statement of Net Position, regardless of the timing of related cash flows.

Capital assets, net of current year conveyances and depreciation, are reported on the Statement of Net Position, but are not reported in the funds.

The total net adjustment of \$6,895,278 consists of non-current amounts due from the financing districts in the amount of \$24,179,103 and net capital assets of \$6,974,807 less long-term obligations for accrued interest and developer advances of \$24,258,632.

NOTE 8 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE STATEMENT OF ACTIVITIES

Governmental Funds report contributions received in the current period; however, on the Statement of Activities non-current contributions are reported as revenues in the period that the commitment arises, regardless of the timing of related cash flows. Total contributions from the financing Districts (see *Note 9*) of \$2,197,639 plus Plant Investment Fees of \$46,200 and Developer capital materials reimbursements of \$503,676 less current period service revenues of \$143,105 have been recorded on the Statement of Activities.

Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The Statement of Activities reports asset conveyances out of the District as a reduction of Capital Assets and as additional financing uses. This is the amount by which current year capital outlay exceeded depreciation and asset conveyances:

Capital Outlay	\$ 1,491,809
Depreciation	(58,343)
Asset Conveyances	-
	\$ 1,433,466

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Accrued interest is not recorded in governmental funds because it is not payable from current resources:

Developer (Advances)	\$ (988,133)
Repayment of Debt	-
Net Interest (Accrual)/Repmt	(1,086,522)
	\$ (2,074,655)

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 9 - INFRASTRUCTURE AND DEVELOPER COST REIMBURSEMENT AGREEMENT

The District has entered into an Agreement for Infrastructure Acquisition with the Developer. The Developer agreed to undertake construction of the Sewer System, Water System and Streets/Roads and facilities (the Public Infrastructure) within the boundaries of the District. Following completion of any phase or phases of the Public Infrastructure by the Developer to the District's standards, the District will purchase the Public Infrastructure, whereby the total amount of reimbursement payable shall not exceed 100% of the actual costs incurred by the Developer, plus interest in the amount of 8% per annum, as provided in the District's Consolidated Service Plan (*see also Note 10*).

The District may pay the costs of the Public Infrastructure from any source lawfully available to the District for such purpose, including the proceeds of the issuance of general obligation bonds or other indebtedness of the District, ad valorem taxes, or any other sources, but is not be obligated to make payment from any particular source. The District may construct the Public Infrastructure instead of purchasing the Public Infrastructure from the Developer. The District's obligation to reimburse the Developer under the agreement is contingent solely upon the District's ability to pay, the District's appropriation of the required expense, and upon any conflict of law. Reimbursement for the cumulative total of costs advanced or incurred by the Developer and accepted by the District shall be payable through two (2) years following the sale of the last development parcel within the Districts by the Developer or its successor (*see also Note 10*).

NOTE 10 - INTERGOVERNMENTAL AGREEMENTS

Intergovernmental Agreement Among: Town of Fraser, Byers View Metropolitan District, West Mountain Metropolitan District and West Meadow Metropolitan District

AND

Inter-District Intergovernmental Agreement Among: Byers View Metropolitan District, West Mountain Metropolitan District and West Meadow Metropolitan District

The Byers View Metropolitan District has entered into agreements with the Town of Fraser, West Mountain Metropolitan District and West Meadow Metropolitan District regarding the Public Improvements referenced in *Note 9*. It is the intent of the Metropolitan Districts to dedicate all facilities constructed or otherwise acquired and completed by the Byers View Metropolitan District in conformance with, and approval of, the Town of Fraser, to the Town of Fraser, or to some other appropriate governmental or non-profit entity as approved in writing by the Town, for the use and benefit of the District's inhabitants and taxpayers, unless a disposition other than dedication is agreed to with the Town. Such Public Improvements shall have a two-year warranty period.

In accordance with the Service Plan and an Intergovernmental Agreement between the Metropolitan Districts, the Districts have authorized Byers View Metropolitan District (the service District) to be responsible for financing and managing the construction and operation of facilities, improvements and services of the Districts as approved by the Town of Fraser. The West Mountain and West Meadow Metropolitan Districts (the financing Districts) will be responsible for producing property tax and other revenue sufficient to pay the costs of operations and debt service expenses incurred for the public improvements, until such obligations are discharged.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - INTERGOVERNMENTAL AGREEMENTS - continued

Byers View Metropolitan District, along with the Town of Fraser and the Fraser Sanitation District, will own and operate the public facilities within the boundaries of the Districts, and West Mountain Metropolitan District and West Meadow Metropolitan District will generate the tax revenue sufficient to pay the costs of the capital improvements and maintenance within their respective boundaries. The Byers View Metropolitan District will be reimbursed for monies advanced by the Developer at a later date from the net income of the District obtained through transfers of funds from West Mountain Metropolitan District and West Meadow Metropolitan District, reasonable rates, tolls and charges, and bond proceeds. It is the intent to issue general obligation bonds at the earliest possible date to effect the reimbursement.

NOTE 11 - RELATED PARTIES

A majority of the members of the Board of Directors of the District are employees of the Developer.

NOTE 12 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance

The District appears to be in compliance with all material legal, contractual and accounting provisions, as prescribed by federal and state laws and statutes.

B. TABOR Amendment – Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extensions of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

The initial base for local government spending and revenue limits is December 31, 2005 fiscal year spending. Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and revenue increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

Except for financing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

In 2005 the District’s electorate voted to allow the District to collect, retain and expend revenues notwithstanding any of TABOR’s restrictions.

BYERS VIEW METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 12 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

B. TABOR Amendment – Revenue and Spending Limitation Amendment - continued

At the November 2, 2004 election the District’s electorate authorized the issuance of \$99,000,000 in debt and a levy not to exceed 50 mills against all of the taxable property within the District, for the purpose of operating, maintenance and other related expenses without limitation by the revenue and spending limits of TABOR.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2017 is \$1,500.

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2017 through the issuance date of this report. There has been no material event noted during this period that would impact the results reflected in this report or the District's results going forward.

REQUIRED SUPPLEMENTARY INFORMATION

BYERS VIEW METROPOLITAN DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2017

	Original & Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)
<u>REVENUES:</u>			
Intergovernmental Service Revenues	\$ 142,124	\$ 143,105	\$ 981
Interest Income	51	1,143	1,092
 Total Revenues	142,175	144,248	2,073
<u>EXPENDITURES:</u>			
Accounting and Audit	16,850	12,241	4,609
Engineers & Consultants	5,000	-	5,000
Insurance	7,000	7,512	(512)
Legal	20,000	10,719	9,281
Office & Administrative	1,250	95	1,155
Water Lease	25,000	18,560	6,440
Contingency	10,000	-	10,000
Capital Outlay & Maintenance	4,124,495	1,491,809	2,632,686
Debt Service:			
Principal	-	-	-
Interest	375,700	121,200	254,500
 Total Expenditures	4,585,295	1,662,136	2,923,159
 Excess (Deficiency) of Revenues Over Expenditures	(4,443,120)	(1,517,888)	2,925,232
<u>OTHER FINANCING SOURCES:</u>			
Developer Advances	4,124,495	1,491,809	(2,632,686)
Plant Investment Fees	315,700	46,200	(269,500)
 Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(2,925)	20,121	23,046
 Fund Balance - Beginning of Year	27,826	59,408	31,582
 Fund Balance - End of Year	\$ 24,901	\$ 79,529	\$ 54,628

ADDITIONAL SUPPLEMENTAL INFORMATION

BYERS VIEW METROPOLITAN DISTRICT
Schedule of Capital Improvements and Conveyances
December 31, 2017

	Balance 01/01/17	Capital Outlay	Less Conveyances	Balance 12/31/17
Roads				
Railroad Underpass	\$ 809,142	\$ 8,991	\$ -	\$ 818,133
Grand Park Drive*	1,288,169	2,150	-	1,290,319
The Willows*	328,338	43,504	-	371,842
Upper Loop*	24,621	-	-	24,621
Village Center*	1,042,922	-	-	1,042,922
Elk Creek*	225,935	8,108	-	234,043
3WC Meadows*	96,366	16,469	-	112,835
Old Victory Road*	-	74,211	-	74,211
Road Patching*	4,054	-	-	4,054
Total Roads	<u>3,819,547</u>	<u>153,433</u>	<u>-</u>	<u>3,972,980</u>
Water				
Elk Creek Bore	79,122	-	-	79,122
Augmentation Ponds	1,371,127	-	-	1,371,127
Grand Park Drive *	1,967	-	-	1,967
Village Center*	37	-	-	37
Willows*	-	1,430	-	1,430
Elk Creek*	-	396,974	-	396,974
Total Water	<u>1,452,253</u>	<u>398,404</u>	<u>-</u>	<u>1,850,657</u>
Sewer				
Elk Creek Bore	73,918	-	-	73,918
Augmentation Ponds	7,172	-	-	7,172
Village Center*	2,803	-	-	2,803
Willows*	-	1,812	-	1,812
Elk Creek*	-	354,110	-	354,110
Total Sewer	<u>83,893</u>	<u>355,922</u>	<u>-</u>	<u>439,815</u>
Water Rights	<u>456,702</u>	<u>59,495</u>	<u>-</u>	<u>516,197</u>
Total Water Rights	<u>456,702</u>	<u>59,495</u>	<u>-</u>	<u>516,197</u>
Wetlands Mitigation	<u>101,632</u>	<u>20,879</u>	<u>-</u>	<u>122,511</u>
Total Wetlands	<u>101,632</u>	<u>20,879</u>	<u>-</u>	<u>122,511</u>
Work-in-Progress Materials	<u>-</u>	<u>503,676</u>	<u>-</u>	<u>503,676</u>
Total Work-in-Progress	<u>-</u>	<u>503,676</u>	<u>-</u>	<u>503,676</u>
Totals	5,914,027	1,491,809	-	7,405,836
Less:				
Accumulated Depreciation - Roads	(88,493)	(20,340)	-	(108,833)
Accumulated Depreciation - Water	(268,352)	(36,257)	-	(304,609)
Accumulated Depreciation - Sewer	(15,841)	(1,746)	-	(17,587)
Net Capital Assets	<u>\$ 5,541,341</u>	<u>\$ 1,433,466</u>	<u>\$ -</u>	<u>\$ 6,974,807</u>

* It is the intent of the District to Convey the assets indicated with a "*" above in the near future, therefore no depreciation has been taken on these assets for the fiscal year ended December 31, 2017. The remaining depreciable assets will be conveyed at a future date.