

COUNTRYDALE METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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July 27, 2018

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION	21
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	22
Schedule of Debt Service Requirements to Maturity	23
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected.....	26

Independent Auditor's Report

Board of Directors

Countrydale Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Countrydale Metropolitan District as of and for the year ended December 31, 2017, 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 an opinion 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Countrydale Metropolitan District as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

L. Paul Goedecke P.C.

L. Paul Goedecke, P.C.
June 29, 2018

BASIC FINANCIAL STATEMENTS

COUNTRYDALE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 449,928
Cash and investments - Restricted	1,704,104
Accounts receivable	12,308
Prepaid expense	7,404
Interest receivable	1,019
Property taxes receivable	1,283,974
Capital assets, net	1,495,017
Total assets	<u>4,953,754</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Cost of debt refunding	<u>782,088</u>
 LIABILITIES	
Accounts payable	20,607
Accrued interest on debt payable	64,837
Noncurrent liabilities	
Due within one year	535,000
Due in more than one year	20,540,000
Total liabilities	<u>21,160,444</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	<u>1,283,974</u>
Total deferred inflows of resources	<u>1,283,974</u>
 NET POSITION	
Restricted for:	
Emergency reserves	11,400
Debt service	801,194
Unrestricted	<u>(17,521,170)</u>
Total net position	<u><u>\$ (16,708,576)</u></u>

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

**COUNTRYDALE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
December 31, 2017**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 291,918	\$ 13,303	\$ 345,040	\$ -	\$ 66,425
Interest and related costs on long-term debt	<u>1,303,247</u>	-	-	-	<u>(1,303,247)</u>
	<u>\$ 1,595,165</u>	<u>\$ 13,303</u>	<u>\$ 345,040</u>	<u>\$ -</u>	<u>(1,236,822)</u>
General revenues:					
Property taxes					1,668,359
Specific ownership taxes					163,051
Net investment income					<u>10,478</u>
Total general revenues					<u>1,841,888</u>
Change in net position					605,066
Net position - Beginning					<u>(17,313,642)</u>
Net position - Ending					<u>\$ (16,708,576)</u>

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

**COUNTRYDALE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 449,928	\$ -	\$ 449,928
Cash and investments - Restricted	11,400	1,692,704	1,704,104
Property taxes receivable	21,456	1,262,518	1,283,974
Prepaid expense	7,404	-	7,404
Interest receivable	-	1,019	1,019
Receivable from County Treasurer	-	12,308	12,308
TOTAL ASSETS	\$ 490,188	\$ 2,968,549	\$ 3,458,737
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 20,607	\$ -	\$ 20,607
Total liabilities	20,607	-	20,607
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	21,456	1,262,518	1,283,974
Total deferred inflows of resources	21,456	1,262,518	1,283,974
FUND BALANCES			
Nonspendable	7,404	-	7,404
Restricted			
TABOR	11,400		11,400
Debt Service		1,706,031	1,706,031
Assigned	-	-	-
Unassigned	429,321	-	429,321
Total fund balances	448,125	1,706,031	2,154,156
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 490,188	\$ 2,968,549	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.

Capital assets, net 1,495,017

Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Cost of debt refunding 782,088

Long-term liabilities, including debt payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.

Loan payable (16,085,000)

Bonds payable (4,990,000)

Accrued interest on debt payable (64,837)

Net position of governmental activities **\$ (16,708,576)**

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

COUNTRYDALE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 19,780	\$ 1,648,579	\$ 1,668,359
Specific ownership taxes	-	163,051	163,051
Net investment income	173	10,305	10,478
General fund fee	345,040	-	345,040
Conduit system license fees	13,303	-	13,303
Total revenues	<u>378,296</u>	<u>1,821,935</u>	<u>2,200,231</u>
EXPENDITURES			
Current			
Accounting	22,434	-	22,434
Audit	3,960	-	3,960
County Treasurer's fees	297	24,739	25,036
Insurance and bonds	8,260	-	8,260
Dues and licenses	728	-	728
District management	6,820	-	6,820
Legal	3,124	-	3,124
Repairs and maintenance	15,352	-	15,352
Miscellaneous	346	11	357
Utilities	797	-	797
Non-potable water	143,149	-	143,149
Landscape maintenance	61,025	-	61,025
Snow removal	1,193	-	1,193
Intergovernmental payments	-	208,320	208,320
Debt service			
Loan principal	-	515,000	515,000
Interest expense - Loans	-	545,310	545,310
Interest expense - Bonds	-	449,100	449,100
Paying agent fees	-	800	800
Total expenditures	<u>267,485</u>	<u>1,743,280</u>	<u>2,010,765</u>
NET CHANGE IN FUND BALANCES	110,811	78,655	189,466
FUND BALANCES - BEGINNING OF YEAR	<u>337,314</u>	<u>1,627,376</u>	<u>1,964,690</u>
FUND BALANCES - END OF YEAR	<u>\$ 448,125</u>	<u>\$ 1,706,031</u>	<u>\$ 2,154,156</u>

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

**COUNTRYDALE 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, 2017**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$	189,466
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p>		
Depreciation expense		(24,433)
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Loan principal payment		515,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest on debt - Change in liability		1,437
Amortization of cost of debt refunding		(76,404)
		(74,967)
Changes in net position of governmental activities	\$	605,066

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

**COUNTRYDALE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 19,809	\$ 19,780	\$ (29)
Net investment income	200	173	(27)
General fund fee	344,880	345,040	160
Conduit System License Fees	13,280	13,303	23
Total revenues	<u>378,169</u>	<u>378,296</u>	<u>127</u>
EXPENDITURES			
Accounting	26,000	22,434	3,566
Audit	4,000	3,960	40
County Treasurer's fees	300	297	3
Insurance and bonds	8,500	8,260	240
Dues and licenses	-	728	(728)
District management	18,000	6,820	11,180
Legal	7,000	3,124	3,876
Repairs and maintenance	50,000	15,352	34,648
Miscellaneous	1,400	346	1,054
Utilities	2,700	797	1,903
Non-potable water	135,000	143,149	(8,149)
Landscape maintenance	120,000	61,025	58,975
Snow removal	10,000	1,193	8,807
Contingency	17,100	-	17,100
Total expenditures	<u>400,000</u>	<u>267,485</u>	<u>132,515</u>
NET CHANGE IN FUND BALANCES	(21,831)	110,811	132,642
FUND BALANCES - BEGINNING OF YEAR	<u>362,505</u>	<u>337,314</u>	<u>(25,191)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 340,674</u></u>	<u><u>\$ 448,125</u></u>	<u><u>\$ 107,451</u></u>

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

COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Countrydale Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in December 1997 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County, Colorado. The District was established to finance public improvements to be either owned and maintained by the District, dedicated to the City of Westminster, Colorado (City), or dedicated to some other appropriate governmental or nonprofit entity. The District has the power to acquire, construct, complete or relocate the following facilities: parks and recreation, sanitary sewer, traffic and safety, street improvements, public transportation, water, television relay, telephone and fiber optic service, as well as mosquito control systems.

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

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of debt is 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 after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated.

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

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

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Street improvements	20 – 40 years
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Cost of Debt Refunding

In the government-wide financial statements, the deferred cost of debt refunding is being amortized using the interest method over the life of the new debt. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as deferred outflow of resources on the statement of net position.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of debt refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as debt instrument holders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 449,928
Cash and investments - Restricted	<u>1,704,104</u>
Total cash and investments	<u>\$ 2,154,032</u>

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 1,652,513
Investments	<u>501,519</u>
Total cash and investments	<u>\$ 2,154,032</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2017, the District's cash deposits had a bank balance and a carrying balance of \$1,652,513.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH 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, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 501,519</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017, follows:

	<u>Balance at December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,032,689	\$ -	\$ -	\$ 1,032,689
Capital assets, being depreciated:				
Street improvements	848,977	-	-	848,977
Less accumulated depreciation	(362,216)	(24,433)	-	(386,649)
Total capital assets, being depreciated	<u>486,761</u>	<u>(24,433)</u>	<u>-</u>	<u>462,328</u>
Capital assets, net	<u>\$ 1,519,450</u>	<u>\$ (24,433)</u>	<u>\$ -</u>	<u>\$ 1,495,017</u>

Depreciation expense for 2017 in the amount of \$24,433 was all charged to the General Government function/program.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation debt payable					
2015 NBH Bank Loan	\$ 16,600,000	\$ -	\$ (515,000)	\$ 16,085,000	\$535,000
Refunding Subordinate Bonds Series 2010B	4,990,000	-	-	4,990,000	-
	<u>\$ 21,590,000</u>	<u>\$ -</u>	<u>\$ (515,000)</u>	<u>\$ 21,075,000</u>	<u>\$535,000</u>

The detail of the District's long-term obligations is as follows:

General Obligation Debt

On July 1, 2015, the District issued \$17,100,000 of Unlimited Tax General Obligation Refunding Senior Note, Series 2015 (the "Note"). The District entered into a Loan Agreement with NBH Bank in the amount of \$17,100,000 on July 1, 2015, as evidenced by the Note (the "Loan").

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Proceeds from the loan were used to refund the Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Senior Note, Series 2010A, dated December 22, 2010, in the original principal amount of \$21,500,000 (the "Refunded Note"), establish a Debt Service Reserve Fund, and pay costs incurred in connection with the Loan.

The Loan is due July 1, 2035, with an annual interest rate of 3.24%, calculated on the basis of a 360-day year and actual number of days elapsed, payable semi-annually on June 1 and December 1, beginning on December 1, 2015. Payments of principal are due annually on December 1, beginning on December 1, 2016.

The District may prepay amounts owing under the Note at any time and from time to time. The District may be required to pay a Prepayment Fee equal to interest accrued from the beginning of the last payment date to the date of prepayment, plus the present value of the difference between (a) the amount that would have been realized by the Bank on the prepaid amount for the remaining term of the Loan at the Fixed Interest Rate on the Note and (b) the amount that would be realized by the Bank by reinvesting such prepaid funds for the remaining term of the Loan.

The Loan is secured by and payable from Pledged Revenue as defined as monies derived from the Required Mill Levy, net of collection costs; Specific Ownership Taxes; and any other legally available moneys which the Board determines in its sole discretion to apply as Pledged Revenue.

The District's Required Mill Levy, as defined in the Loan, means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of and interest on the Loan, as the same become due and payable, and to make up any deficiencies in the Reserve Fund, without limitation of rate.

The Loan is further secured by the Debt Service Reserve Fund in the required amount of \$350,000 for so long as the Loan is outstanding.

Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Subordinate Bonds, Series 2010B

The District issued \$5,490,000 of Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Subordinate Bonds, Series 2010B, dated December 17, 2010 (the "Subordinate Bonds"). The Bond Resolution authorizing the issuance of the Subordinate Bonds was amended on July 10, 2015. The Required Mill Levy imposed by the District to pay debt service on the Subordinate Bonds has converted from a limited to an unlimited mill levy.

The Subordinate Bonds are term bonds due December 15, 2037, with an interest rate of 9.00%, payable annually on December 15. The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in part, on December 15, 2025 and on any date thereafter without a redemption premium.

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Subordinate Bonds are secured by and payable from Pledged Revenue as defined as monies derived from the imposition of the Subordinate Required Mill Levy, net of collection costs; the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy, net of any costs of collection; and any other legally available moneys which the District determines, in its sole discretion, to credit as Pledged Revenue, on a subordinate basis to the Loan.

The Subordinate Bonds are further secured by the Subordinate Debt Service Reserve Fund in the required amount of \$490,000 for so long as the Subordinate Bonds are outstanding.

The District's Subordinate Required Mill Levy as defined in the Amended Bond Resolution, means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Subordinate Bonds, as the same become due and payable, without limitation of rate.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	535,000	977,492	1,512,492
2019	555,000	959,918	1,514,918
2020	600,000	943,035	1,543,035
2021	765,000	921,976	1,686,976
2022	785,000	896,846	1,681,846
2023-2027	4,325,000	4,081,420	8,406,420
2028-2032	5,060,000	3,323,992	8,383,992
2033-2037	8,450,000	2,459,255	10,909,255
	<u>\$ 21,075,000</u>	<u>\$ 14,563,934</u>	<u>\$ 35,638,934</u>

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 4, 1997, November 2, 1999, and November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$16,500,000, \$24,600,000, and \$54,600,000, respectively. At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized November 4, 1997	Amount Authorized November 2, 1999	Amount Authorized November 7, 2000	Authorization Used	Authorized But Unissued
Streets	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 35,794,890	\$ 205,110
Water	500,000	2,000,000	2,000,000	2,459,630	2,040,370
Sanitary sewer	500,000	2,000,000	2,000,000	2,459,630	2,040,370
Parks and recreation	2,000,000	4,000,000	4,000,000	3,728,185	6,271,815
Traffic and safety	200,000	1,000,000	1,000,000	2,175,083	24,917
Mosquito control	200,000	200,000	200,000	408,842	191,158
Public transportation	200,000	1,000,000	1,000,000	2,103,842	96,158
Telephone	200,000	400,000	400,000	408,842	591,158
Television relay and translation	200,000	1,000,000	1,000,000	408,842	1,791,158
Operations and maintenance	500,000	1,000,000	1,000,000	1,129,460	1,370,540
Refunding	-	-	30,000,000	30,000,000	-
	<u>\$ 16,500,000</u>	<u>\$ 24,600,000</u>	<u>\$ 54,600,000</u>	<u>\$ 81,077,246</u>	<u>\$14,622,754</u>

Pursuant to the Amended Service Plan, the District's debt may not exceed \$27,000,000 without the consent of the City. The issuance of the 2010A Note and the 2010B Bonds resulted in outstanding bonded debt of \$26,990,000; thus, the District has \$10,000 of debt authorization remaining under the Service Plan. The Board currently has no plans to seek a modification of the Service Plan to seek approval for bonded indebtedness in excess of this amount.

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - NET POSITION

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

Restricted net position includes assets 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, 2017, as follows:

	Governmental Activities
Restricted net position:	
Emergency reserve	\$ 11,400
Debt service	801,194
Total restricted net position	\$ 812,594

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of debt issued for the construction of public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 - RELATED PARTIES

Two of the Board members of the District are employed by or part owners of business or businesses that are involved with, may become involved with, or are directly and substantially affected by the activities of the District, and all Board members own real property that is located in the District. These relationships and ownerships, in certain circumstances, may give the appearance that conflicting interests could affect their official activities as Board members but as a general matter they do not disqualify them to serve as Board members. As and when required by law, each affected Board member files a written disclosure of any potential conflicts of interest with the District and the Colorado Secretary of State, and they refrain from voting on affected matters unless allowed by law.

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS

Cost Sharing Agreement

The District has entered into two cost sharing agreements with the City. The first agreement calls for the District to certify a fixed rate mill levy of 3 mills. The proceeds of the mill levy will be made available to the City for the purpose of jointly financing public recreation facilities. During 2017, the District paid the City \$163,320 for public recreation facilities.

The second agreement calls for the District to certify a mill levy of not less than 0.25 mills and not more than .50 mills to generate \$20,000 of revenue. All revenue generated by the mill levy is to be transferred to the City. Any excess revenue generated by the minimum (0.25 mills) is to be transferred to the City. The revenue is to be utilized to enhance golf course operations. The District paid the City \$20,000 in 2017 pursuant to this agreement.

These mill levies are in addition to the debt service and operations mill levies.

**COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Land Lease Obligation

As of 2006, the District has assumed certain obligations of the Developer under a land lease with the City which obligates the District to pay the City on an annual basis for a portion of the costs incurred by the City to defray the costs associated with the lease of the County property necessary for the existence of the golf course in an amount not to exceed \$590,000. During 2017, the District paid the City \$25,000 under the land lease obligation. The maximum annual reimbursements are as follows:

2006 - 2007	\$20,000 per year
2008 - 2017	\$25,000 per year
2018 - 2027	\$30,000 per year

Exclusion and Service Agreement

On November 4, 2005, the District entered into an Exclusion and Service Agreement for the exclusion of certain real property in the District. The property continues to be subject to the levy of taxes for the payment of its proportionate share of the outstanding debt existing at the time of the exclusion. The property has been excluded from the boundaries of the District and is therefore excluded from any future General Fund mill levy. However, as consideration for the benefits derived from the District's continued provision of operation and maintenance services, the owner of the property agrees to pay the District a general fund fee calculated as if it was in the District. Notice of payment due is provided every January and the fee is payable at the same time as taxes are legally due.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property 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.

COUNTRYDALE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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 limits must be refunded unless the voters approve retention of such revenue.

On November 4, 1997, and November 2, 1999, the District voters passed an election question to increase property taxes \$500,000 and \$100,000, respectively, annually as adjusted for inflation, without limitation of rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**COUNTRYDALE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 1,437,486	\$ 1,437,007	\$ (479)
Property taxes - Contractual obligation	211,642	211,572	(70)
Specific ownership taxes	133,515	163,051	29,536
Net investment income	7,000	10,305	3,305
Total revenues	<u>1,789,643</u>	<u>1,821,935</u>	<u>32,292</u>
EXPENDITURES			
County Treasurer's fees	21,562	21,564	(2)
County Treasurer's fees - Contractual obligation	3,175	3,175	-
Intergovernmental payments - Recreation center	163,376	163,320	56
Intergovernmental payments - Golf course cost share	20,000	20,000	-
Intergovernmental payments - Land lease	25,000	25,000	-
Bond principal - 2015 Loan	515,000	515,000	-
Interest expense - 2010 Subordinate Bond	449,100	449,100	-
Interest expense - 2015 Loan	545,310	545,310	-
Paying agent fees	2,500	800	1,700
Contingency	9,477	-	9,477
Miscellaneous	500	11	489
Total expenditures	<u>1,755,000</u>	<u>1,743,280</u>	<u>11,720</u>
NET CHANGE IN FUND BALANCES	34,643	78,655	44,012
FUND BALANCES - BEGINNING OF YEAR	<u>1,618,605</u>	<u>1,627,376</u>	<u>8,771</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,653,248</u>	<u>\$ 1,706,031</u>	<u>\$ 52,783</u>

COUNTRYDALE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

\$17,100,000 Loan Agreement with
NBH Bank, N.A.
Interest Rate 3.24%
Dated July 10, 2015

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	535,000	528,392	1,063,392
2019	555,000	510,818	1,065,818
2020	600,000	493,935	1,093,935
2021	765,000	472,876	1,237,876
2022	785,000	447,746	1,232,746
2023	810,000	421,958	1,231,958
2024	835,000	396,433	1,231,433
2025	865,000	367,920	1,232,920
2026	895,000	339,505	1,234,505
2027	920,000	310,104	1,230,104
2028	950,000	280,649	1,230,649
2029	980,000	248,675	1,228,675
2030	1,010,000	216,482	1,226,482
2031	1,045,000	183,303	1,228,303
2032	1,075,000	149,383	1,224,383
2033	1,110,000	113,661	1,223,661
2034	1,150,000	77,198	1,227,198
2035	1,200,000	22,896	1,222,896
2036	-	-	-
2037	-	-	-
	<u>\$ 16,085,000</u>	<u>\$ 5,581,934</u>	<u>\$ 21,666,934</u>

COUNTRYDALE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

\$5,490,000 General Obligation Limited Tax
(Convertible to Unlimited Tax) Refunding Subordinate
Bonds- Series 2010B Interest Rate 9.00%
Dated December 22, 2010

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	-	449,100	449,100
2019	-	449,100	449,100
2020	-	449,100	449,100
2021	-	449,100	449,100
2022	-	449,100	449,100
2023	-	449,100	449,100
2024	-	449,100	449,100
2025	-	449,100	449,100
2026	-	449,100	449,100
2027	-	449,100	449,100
2028	-	449,100	449,100
2029	-	449,100	449,100
2030	-	449,100	449,100
2031	-	449,100	449,100
2032	-	449,100	449,100
2033	-	449,100	449,100
2034	-	449,100	449,100
2035	-	449,100	449,100
2036	-	449,100	449,100
2037	4,990,000	449,100	5,439,100
	<u>\$ 4,990,000</u>	<u>\$ 8,982,000</u>	<u>\$ 13,972,000</u>

COUNTRYDALE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

<u>Year Ended December 31,</u>	<u>Total</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	535,000	977,492	1,512,492
2019	555,000	959,918	1,514,918
2020	600,000	943,035	1,543,035
2021	765,000	921,976	1,686,976
2022	785,000	896,846	1,681,846
2023	810,000	871,058	1,681,058
2024	835,000	845,533	1,680,533
2025	865,000	817,020	1,682,020
2026	895,000	788,605	1,683,605
2027	920,000	759,204	1,679,204
2028	950,000	729,749	1,679,749
2029	980,000	697,775	1,677,775
2030	1,010,000	665,582	1,675,582
2031	1,045,000	632,403	1,677,403
2032	1,075,000	598,483	1,673,483
2033	1,110,000	562,761	1,672,761
2034	1,150,000	526,298	1,676,298
2035	1,200,000	471,996	1,671,996
2036	-	449,100	449,100
2037	4,990,000	449,100	5,439,100
	<u>\$ 21,075,000</u>	<u>\$ 14,563,934</u>	<u>\$ 35,638,934</u>

**COUNTRYDALE METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2017**

Year Ended December 31	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied				Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Contractual Obligations	Refunds and Abatements	Levied	Collected	
2013	\$ 39,430,359	2.600	47.000	4.144	0.334	\$ 2,033,637	\$ 2,010,530	98.86%
2014	\$ 49,187,147	2.600	47.000	3.929	4.954	\$ 2,523,699	\$ 2,580,315	102.24%
2015	\$ 47,780,897	2.600	47.000	3.957	2.124	\$ 2,539,673	\$ 2,547,584	100.31%
2016	\$ 54,512,566	2.600	26.000	3.890	0.000	\$ 1,646,608	\$ 1,647,746	100.07%
2017	\$ 55,287,923	2.600	26.000	3.828	0.000	\$ 1,668,937	\$ 1,668,359	99.97%
Estimated 2018	\$ 67,316,319	2.600	15.000	3.755	0.000	\$ 1,283,974		

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 if delinquent taxes are collected.