

**JORDAN CROSSING
METROPOLITAN
DISTRICT**

Financial Statements

December 31, 2017

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Office of the State Auditor

July 27, 2018

JORDAN CROSSING METROPOLITAN DISTRICT

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jordan Crossing Metropolitan District
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Jordan Crossing 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 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Jordan Crossing Metropolitan District, as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jordan Crossing Metropolitan District's basic financial statements. The budget to actual schedule for the Debt Service Fund (Supplementary Information), the Schedule of Debt Service Requirements to Maturity, the Summary of Assessed Valuation, Mill Levy and Property Taxes Collected and the Continuing Disclosure Annual Financial Information as required by the General Obligation Refunding and Improvement Bonds, Series 2016 (Other Information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Dussio & Associates, P.C.

July 2, 2018

BASIC FINANCIAL STATEMENTS

JORDAN CROSSING METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

December 31, 2017

| | Governmental Activities |
|--------------------------------------|------------------------------------|
| Assets | |
| Cash | \$ 9,113 |
| Cash - Restricted | 39,464 |
| Receivable from County Treasurer | 877 |
| Property Taxes Receivable | 141,156 |
| Prepaid Expense | 3,406 |
| Capital Assets Not Being Depreciated | 120,000 |
| Capital Assets, Net | <u>6,200</u> |
| Total Assets | <u>320,216</u> |
| Liabilities | |
| Accounts Payable | 1,854 |
| Accrued Interest Payable | 5,645 |
| Noncurrent Liabilities: | |
| Due In More Than One Year | <u>1,815,740</u> |
| Total Liabilities | <u>1,823,239</u> |
| Deferred Inflows of Resources | |
| Property Taxes | <u>141,156</u> |
| Net Position | |
| Net Investment In Capital Assets | 31,835 |
| Restricted | |
| Emergencies | 1,680 |
| Debt Service | 34,327 |
| Unrestricted | <u>(1,712,021)</u> |
| Total Net Position | <u><u>\$ (1,644,179)</u></u> |

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

JORDAN CROSSING METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

| <u>Function/Program Activities</u> | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|-------------------------|--|--|--|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| Administration | \$ 42,766 | \$ - | \$ - | \$ (42,766) |
| Interest and Related Costs on Long-term Debt | 84,914 | - | - | (84,914) |
| Total Governmental Activities | \$ 127,680 | \$ - | \$ - | (127,680) |
| | General Revenues: | | | |
| | | | | 119,490 |
| | | | | 13,091 |
| | | | | 1,063 |
| | | | | 5,964 |
| | | | | (1,650,143) |
| | | | | \$ (1,644,179) |

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

JORDAN CROSSING METROPOLITAN DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2017

| | <u>General</u> | <u>Debt Service</u> | <u>Total</u> |
|---|--------------------------|-------------------------|--------------------------|
| Assets | | | |
| Cash | \$ 9,113 | \$ - | \$ 9,113 |
| Cash - Restricted | - | 39,464 | 39,464 |
| Receivable from County Treasurer | 369 | 508 | 877 |
| Property Taxes Receivable | 98,156 | 43,000 | 141,156 |
| Prepaid Expenditures | 3,406 | - | 3,406 |
| Total Assets | <u><u>\$ 111,044</u></u> | <u><u>\$ 82,972</u></u> | <u><u>\$ 194,016</u></u> |
| Liabilities | | | |
| Accounts Payable | \$ 1,854 | \$ - | \$ 1,854 |
| Deferred Inflows of Resources | | | |
| Property Taxes | 98,156 | 43,000 | 141,156 |
| Fund Balances | | | |
| Nonspendable | | | |
| Prepaid Expenses | 3,406 | - | 3,406 |
| Restricted | | | |
| Emergencies | 1,680 | - | 1,680 |
| Debt Service | - | 39,972 | 39,972 |
| Unassigned | 5,948 | - | 5,948 |
| Total Fund Balances | <u>11,034</u> | <u>39,972</u> | <u>51,006</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u><u>\$ 111,044</u></u> | <u><u>\$ 82,972</u></u> | <u><u>\$ 194,016</u></u> |

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

JORDAN CROSSING METROPOLITAN DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

December 31, 2017

| | | |
|--|----|--------|
| Total Fund Balances - Governmental Funds | \$ | 51,006 |
|--|----|--------|

Total net position reported for governmental activities in the statement of net position is different because:

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

Those assets consist of:

| | | | |
|--------------------------------------|------------|--|---------|
| Capital Assets Not Being Depreciated | \$ 120,000 | | |
| Capital Assets, Net | 6,200 | | 126,200 |

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at year end are:

| | | | |
|---|-------------|--|-------------|
| General Obligation Bonds Payable | (1,395,000) | | |
| Bond Premium | (72,177) | | |
| Accrued Interest Payable | (5,645) | | |
| Developer Advance - Operations | (37,522) | | |
| Developer Advance - Operations - Accrued Interest | (33,065) | | |
| Developer Advance - Capital | (261,323) | | |
| Developer Advance - Capital - Accrued Interest | (16,653) | | (1,821,385) |

| | | |
|--|----|---------------------------|
| Net Position - Governmental Activities | \$ | <u><u>(1,644,179)</u></u> |
|--|----|---------------------------|

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

JORDAN CROSSING METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2017

| | <u>General</u> | <u>Debt Service</u> | <u>Total</u> |
|------------------------------------|------------------|-------------------------|------------------|
| Revenues | | | |
| Property Taxes | \$ 50,222 | \$ 69,268 | \$ 119,490 |
| Specific Ownership Tax | 5,502 | 7,589 | 13,091 |
| Net investment income | 243 | 820 | 1,063 |
| Total Revenues | <u>55,967</u> | <u>77,677</u> | <u>133,644</u> |
| Expenditures | | | |
| Current | | | |
| Management | 5,663 | - | 5,663 |
| Accounting | 7,749 | - | 7,749 |
| Audit | 4,875 | - | 4,875 |
| Insurance and Dues | 3,707 | - | 3,707 |
| Legal | 16,692 | - | 16,692 |
| Treasurer's Fees | 754 | 1,040 | 1,794 |
| Miscellaneous | 226 | - | 226 |
| Developer Advance Repayment | 15,000 | - | 15,000 |
| Debt Service | | | |
| 2016 Bond Interest | - | 67,738 | 67,738 |
| Paying Agent Fees | - | 3,000 | 3,000 |
| Total Expenditures | <u>54,666</u> | <u>71,778</u> | <u>126,444</u> |
| Net Change in Fund Balances | 1,301 | 5,899 | 7,200 |
| Fund Balances - Beginning | <u>9,733</u> | <u>34,073</u> | <u>43,806</u> |
| Fund Balances - Ending | <u>\$ 11,034</u> | <u>\$ 39,972</u> | <u>\$ 51,006</u> |

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

JORDAN CROSSING METROPOLITAN DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2017

| | | |
|--|-----------|---------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 7,200 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Depreciation expense | | (3,100) |
| The issuance of long-term debt (e.g., bonds, leases) 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. | | |
| Repayment to Developer - Operations | \$ 15,000 | |
| Developer Advance - Operations - Accrued Interest | (2,650) | |
| Developer Advance - Capital - Accrued Interest | (13,941) | (1,591) |
| | | |
| 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: | | |
| Amortization of bond premium | 3,455 | 3,455 |
| | | |
| Change in Net Position - Governmental Activities | \$ | 5,964 |

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

JORDAN CROSSING METROPOLITAN DISTRICT

GENERAL FUND

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

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|-----------------------------------|----------------------------|-------------------------|---------------------------|---|------------------------|
| Revenues | | | | | |
| Property Taxes | \$ 50,222 | \$ 50,222 | \$ 50,222 | \$ - | \$ 36,160 |
| Specific Ownership Tax | 3,500 | 5,554 | 5,502 | (52) | 3,327 |
| Net investment income | 60 | 232 | 243 | 11 | 262 |
| Total Revenues | 53,782 | 56,008 | 55,967 | (41) | 39,749 |
| Expenditures | | | | | |
| Current | | | | | |
| Management | 6,000 | 6,500 | 5,663 | 837 | 7,480 |
| Accounting | 7,000 | 8,000 | 7,749 | 251 | 8,158 |
| Audit | 5,000 | 4,875 | 4,875 | - | 4,117 |
| Election | - | - | - | - | 523 |
| Insurance and Dues | 4,225 | 3,707 | 3,707 | - | 3,987 |
| Legal | 6,000 | 18,000 | 16,692 | 1,308 | 13,077 |
| Statutory Compliance | - | - | - | - | 356 |
| Treasurer's Fees | 753 | 754 | 754 | - | 543 |
| Miscellaneous | 900 | 500 | 226 | 274 | 312 |
| Emergency Reserve | 1,613 | 1,680 | - | 1,680 | - |
| Developer Advance Repayment | 20,000 | 15,000 | 15,000 | - | 10,000 |
| Total Expenditures | 51,491 | 59,016 | 54,666 | 4,350 | 48,553 |
| Net Change in Fund Balance | 2,291 | (3,008) | 1,301 | 4,309 | (8,804) |
| Fund Balance - Beginning | 8,229 | 9,733 | 9,733 | - | 18,537 |
| Fund Balance - Ending | \$ 10,520 | \$ 6,725 | \$ 11,034 | \$ 4,309 | \$ 9,733 |

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

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 1 – Definition of Reporting Entity

The Jordan Crossing Metropolitan District (the “District”), was originally organized by recorded Order and Decree of the District Court for the County of Douglas on May 25, 2006 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District operates under a Service Plan approved by the Town of Parker (the “Town”) on March 20, 2006. The District’s service boundaries are located entirely within the Town.

Pursuant to the Service Plan, the District has the power to provide for the design, acquisition, construction, installation, relocating, redeveloping and financing of certain water, sanitation, storm water, street, parks and landscaping. Except for some landscaping improvements, the District has transferred much of the public improvements to the Town or other appropriate entities for ownership and operations and maintenance.

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

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

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

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 2 – Summary of Significant Accounting Policies

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* 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 revenue are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in 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*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual are developer advances. All other revenue items are considered to be measurable and available only when cash is received by the District.

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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:

General Fund – This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District 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.

The District has amended its annual budget for the year ended December 31, 2017.

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 and investments.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Restricted Assets

Certain assets whose use is restricted for bonded debt service by debt indentures are segregated on the government-wide statement of net position and the fund balance sheet.

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 property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets defined by the District as assets include improvements to buildings and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

It is the policy of the Town to accept the maintenance responsibility for streets and drainage facilities within the Town only after a probationary period following completion of construction. Upon final acceptance of the improvements by the Town, the District will remove the cost of

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

construction from its Statement of Net Position. The District will retain the landscaping of the common areas containing park equipment. The playground equipment will be depreciated using a straight-line method over the following estimated useful lives:

Parks equipment 10 years

Deferred Inflows of Resources

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premiums and discounts. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method and charged to interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt services expenditures, in both the government-wide statements and fund financial statements.

Fund Equity

Generally, the fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned and unassigned. Due to circumstances which differ amongst governments, not every government or every governmental fund will present all of these

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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 legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balances that is constrained to be used for a specific purpose by external parties (such as bondholders), 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 policy to use the most restrictive classification first.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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 | \$ | 9,113 |
| Cash and Investments - Restricted | | <u>39,464</u> |
| Total Cash and Investments | \$ | <u><u>48,577</u></u> |

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

| | | |
|--------------------------------------|----|----------------------|
| Deposits with Financial Institutions | \$ | 2,680 |
| Investments | | <u>45,897</u> |
| Total Cash and Investments | \$ | <u><u>48,577</u></u> |

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions 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 deposits amounting to \$6,430 were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, 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 disclosure requirements or subject to investment custodial credit risk 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.

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 US 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

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

At December 31, 2017, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|--|--------------------------------|------------------|
| Colorado Government Liquid Asset Trust (COLOTRUST) | Weighted Average under 60 Days | \$ 45,873 |
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted Average under 60 Days | 24 |
| | | <u>\$ 45,897</u> |

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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 unrefunded commitments, the redemption frequency is daily and there is no redemption notice period.

Note 4 – Capital Assets

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

| Governmental Activities: | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|-------------------|------------------|---------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Parks, Landscaping | \$ 120,000 | \$ - | \$ - | \$ 120,000 |
| Capital Assets Being Depreciated: | | | | |
| Parks Equipment | 31,000 | - | - | 31,000 |
| Total Capital Assets Being Depreciated | 31,000 | - | - | 31,000 |
| Accumulated Depreciation: | | | | |
| Parks Equipment | (21,700) | (3,100) | - | (24,800) |
| Total Accumulated Depreciation | (21,700) | (3,100) | - | (24,800) |
| Total Capital Assets Being Depreciated, Net | 9,300 | (3,100) | - | 6,200 |
| Governmental Activities Capital Assets, Net | <u>\$ 129,300</u> | <u>\$ (3,100)</u> | <u>\$ -</u> | <u>\$ 126,200</u> |

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 5 – Long-Term Obligations

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

| Governmental activities: | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| General Obligation Refunding and | | | | | |
| Improvement Bonds, Series 2016 | \$ 1,395,000 | \$ - | \$ - | \$ 1,395,000 | \$ - |
| 2016 Bond Premium | 75,632 | - | 3,455 | 72,177 | - |
| Developer Advance - Operating | 52,522 | - | 15,000 | 37,522 | - |
| Accrued Interest | 30,415 | 2,650 | - | 33,065 | - |
| Developer Advance - Capital | 261,323 | - | - | 261,323 | - |
| Accrued Interest | 2,712 | 13,941 | - | 16,653 | - |
| | <u>\$ 1,817,604</u> | <u>\$ 16,591</u> | <u>\$ 18,455</u> | <u>\$ 1,815,740</u> | <u>\$ -</u> |

General Obligation Refunding and Improvement Bonds, Series 2016

On October 25, 2016, the District issued \$1,395,000 of General Obligation Refunding and Improvement Bonds, Series 2016 (the “2016 Bonds”). The proceeds from the 2016 Bonds were used to (i) refund the District’s outstanding 2006 Bonds; (ii) fund and reimburse a portion of the costs of certain public infrastructure; and (iii) pay the costs of issuance of the bonds.

The 2016 Bonds bear interest ranging from 3.375% to 5.250%, payable semi-annually on June 1 and December 1 of each year, beginning December 1, 2016. The 2016 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as follows: (a) the 2016 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2026, and on any date thereafter, upon payment of par plus accrued interest thereon (with no redemption premium); (b) the 2016 Bonds maturing on December 1, 2026 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2021 and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium; (c) the 2016 Bonds maturing on December 1, 2031 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2027, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium; (d) the 2016 Bonds maturing on December 1, 2036 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2032, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium; and (e) the 2016 Bonds maturing on December 1, 2046 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2037, and on each December 1 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

The 2016 Bonds mature as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|---------------------|---------------------|
| 2018 | \$ - | \$ 67,738 | \$ 67,738 |
| 2019 | - | 67,738 | 67,738 |
| 2020 | - | 67,738 | 67,738 |
| 2021 | 20,000 | 67,738 | 87,738 |
| 2022 | 20,000 | 67,063 | 87,063 |
| 2023-2027 | 135,000 | 323,332 | 458,332 |
| 2028-2032 | 195,000 | 294,263 | 489,263 |
| 2033-2037 | 260,000 | 242,954 | 502,954 |
| 2038-2042 | 375,000 | 164,064 | 539,064 |
| 2043-2046 | 390,000 | 52,500 | 442,500 |
| | <u>\$ 1,395,000</u> | <u>\$ 1,415,128</u> | <u>\$ 2,810,128</u> |

Developer Advances

The District entered into an Operation Funding Agreement and a Facilities Acquisition and Reimbursement Agreement with BCX Development Partners, Inc. (the “Developer”) as follows:

Operation Funding Agreement

On June 20, 2006, the District entered into a 2006 – 2007 Operation Funding Agreement with the Developer. The District anticipates that it will not have sufficient funds to make the payment of its operations and maintenance expenses; therefore, pursuant to this agreement the Developer advances funds to meet any shortfalls. The advances earn interest from the date the moneys are deposited into the District’s account at the rate of Prime Interest Rate plus 1%. On October 17, 2006, this agreement was amended and restated to extend the shortfall dates for the years 2006 through December 31, 2009. The agreement was further amended effective January 1, 2015 to credit payments first to principal and then to accrued and unpaid interest. The Developer agreed to advance up to \$110,000 to the District for operation and maintenance shortfalls through December 31, 2009. The District has agreed to repay the Developer advances and accrued interest subject to the availability of funds and subject to annual appropriation. Principal must be paid prior to accrued interest. In 2017, the District reimbursed the Developer in the amount of \$15,000, consisting of a principal payment. As of December 31, 2017, outstanding advances totaling \$37,522 have been made under this agreement and there was \$33,065 in outstanding interest. The obligation of the District to reimburse the Developer is not a multiple fiscal year obligation of the District. The agreement

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

terminates on December 31, 2031, or when all amounts due to the Developer under the agreement have been repaid, whichever is earlier.

Facilities Acquisition and Reimbursement Agreement

On June 20, 2006, the District entered into a Facilities Acquisition and Reimbursement Agreement with the Developer. The agreement was amended effective January 1, 2015 to credit payments first to principal and then to accrued and unpaid interest. Advances under the Agreement accrue interest at the Prime Interest Rate plus 1%. The Developer has agreed to design, construct and complete the infrastructure improvements within the District outlined in the Service Plan. Upon completion and acceptance by the District, the improvements are acquired by the District.

The agreement was further amended on October 13, 2016 with the execution of the Second Amendment to the Facilities Acquisition and Reimbursement Agreement. Pursuant to this amendment, the District reinstated \$300,000 (the "Remaining Reimbursement Amount") of prior Developer unreimbursed costs for streets and parks and recreation improvements. The remaining unreimbursed costs amounting to \$1,284,519 are permanently waived and considered to be a Developer contribution. Additionally, the outstanding advances and interest amounting to \$16,078 and \$8,101, respectively, under this agreement made and accrued prior to October 13, 2016 are forever discharged. Interest starts to accrue on the Remaining Reimbursement Amount beginning on October 13, 2016.

As of December 31, 2017, the Developer was owed \$261,323 plus accrued interest totaling \$16,653.

The District has agreed to repay the Developer advances and accrued interest subject to the availability of funds and subject to annual appropriation. Principal must be paid prior to accrued interest. The obligation of the District to reimburse the Developer is not a multiple fiscal year obligation of the District. The agreement terminates on the earlier date of December 31, 2046, or when the following conditions have been satisfied: final acceptance of the improvements by the District, expiration of the warranty period on the improvements, and payment of all amounts due to the Developer under the agreement.

Effective, December 16, 2010, the Developer assigned all repayments for the Amended and Restated Operation Funding Agreement and the Facilities Acquisition and Reimbursement Agreement to P&S Investments LLC.

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Authorized Debt

On May 2, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed of \$1,710,000 in aggregate principal amount of general obligation debt to finance the costs of acquiring, installing, constructing, and equipping the Public Improvements; \$200,000 for operations debt; and \$1,710,000 for refunding purposes, an interest rate not to exceed 12% per annum. At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Amount Authorized on May 2, 2006 | Series 2006 GO Bonds | Series 2016 GO Refunding Bonds | Authorized but Unissued at December 31, 2017 |
|-----------------------------|---|-------------------------------------|---|---|
| Streets | \$ 1,016,000 | \$ 772,000 | \$ 40,036 | \$ 203,964 |
| Parks and Recreation | 295,000 | 244,000 | - | 51,000 |
| Water | 227,000 | 227,000 | - | - |
| Sanitation & Storm Drainage | 172,000 | 172,000 | - | - |
| Operations and Maintenance | 200,000 | - | - | 200,000 |
| Debt Refundings | 1,710,000 | - | 49,964 | 1,660,036 |
| | \$ 3,620,000 | \$1,415,000 | \$ 90,000 | \$ 2,115,000 |

Per the Service Plan, the District is limited to issuing \$1,710,000 in debt. Following the issuance of the 2016 Bonds, the District has voter authorized but unissued debt from the 2006 Election in the approximate amount of \$254,964 for Public Improvements; \$200,000 for operations debt; and approximately \$1,660,036 for refunding purposes.

Note 6 – Net Position

The District has a net position consisting of three components – net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of December 31, 2017, the District had net investment in capital assets calculated as follows:

| | |
|----------------------------------|------------|
| Capital Assets, Net | \$ 126,200 |
| Less: Capital Related Debt | (94,365) |
| Net Investment in Capital Assets | \$ 31,835 |

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

The restricted component of net position consists of 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, amounting to \$36,007.

Unrestricted net position represents assets that do not have any third-party limitations on their use.

The District's unrestricted net position as of December 31, 2017 totaled \$(1,712,021). This deficit amount was the result of the District being responsible for the financing and repayment of debt obligations issued for operations and the construction of public improvements which have been conveyed to other governmental entities.

Note 7 – Related Party

The majority of the members of the Board of Directors are employees, officers, owners, consultants or are otherwise associated with the Developer of the District and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed.

Note 8 – 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 natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "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 general and public officials' liability, property and workers compensation coverage. In the event aggregate 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.

JORDAN CROSSING METROPOLITAN DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 9 – Tax, Spending and Debt Limitations

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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 and qualification as an Enterprise will require judicial interpretation.

On May 2, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

SUPPLEMENTARY INFORMATION

JORDAN CROSSING METROPOLITAN DISTRICT

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|---|--|---------------------------|---|------------------------|
| Revenues | | | | |
| Property Taxes | \$ 69,268 | \$ 69,268 | \$ - | \$ 82,962 |
| Specific Ownership Tax | 7,500 | 7,589 | 89 | 7,633 |
| Net investment income | 150 | 820 | 670 | 262 |
| Total Revenues | 76,918 | 77,677 | 759 | 90,857 |
| Expenditures | | | | |
| Debt Service | | | | |
| 2006 Bond Principal | - | - | - | 1,305,000 |
| 2006 Bond Interest | - | - | - | 75,038 |
| 2016 Bond Interest | 67,738 | 67,738 | - | 6,774 |
| Bond Issue Costs | - | - | - | 122,650 |
| Treasurer's Fees | 1,039 | 1,040 | (1) | 1,246 |
| Paying Agent Fees | 2,000 | 3,000 | (1,000) | 2,000 |
| Total Expenditures | 70,777 | 71,778 | (1,001) | 1,512,708 |
| Excess Revenues Over (Under) Expenditures | 6,141 | 5,899 | (242) | (1,421,851) |
| Other Financing Sources (Uses) | | | | |
| Bond Proceeds | - | - | - | 1,395,000 |
| Bond Premium | - | - | - | 75,977 |
| Transfers Out | - | - | - | (38,677) |
| Total Other Financing Sources (Uses) | - | - | - | 1,432,300 |
| Net Change in Fund Balance | 6,141 | 5,899 | (242) | 10,449 |
| Fund Balance - Beginning | 53,873 | 34,073 | (19,800) | 23,624 |
| Fund Balance - Ending | \$ 60,014 | \$ 39,972 | \$ (20,042) | \$ 34,073 |

See the Accompanying Independent Auditor's Report

OTHER INFORMATION

JORDAN CROSSING METROPOLITAN DISTRICT

**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

**\$1,395,000 General Obligation Refunding and
Improvement Bonds, Series 2016
Dated October 25, 2016
Interest Payable June 1, December 1
Principal Due December 1**

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|---------------------|---------------------|
| 2018 | \$ - | \$ 67,738 | \$ 67,738 |
| 2019 | - | 67,738 | 67,738 |
| 2020 | - | 67,738 | 67,738 |
| 2021 | 20,000 | 67,738 | 87,738 |
| 2022 | 20,000 | 67,063 | 87,063 |
| 2023 | 25,000 | 66,388 | 91,388 |
| 2024 | 25,000 | 65,544 | 90,544 |
| 2025 | 25,000 | 64,700 | 89,700 |
| 2026 | 30,000 | 63,856 | 93,856 |
| 2027 | 30,000 | 62,844 | 92,844 |
| 2028 | 35,000 | 61,681 | 96,681 |
| 2029 | 35,000 | 60,325 | 95,325 |
| 2030 | 40,000 | 58,969 | 98,969 |
| 2031 | 40,000 | 57,419 | 97,419 |
| 2032 | 45,000 | 55,869 | 100,869 |
| 2033 | 45,000 | 53,562 | 98,562 |
| 2034 | 50,000 | 51,256 | 101,256 |
| 2035 | 50,000 | 48,693 | 98,693 |
| 2036 | 55,000 | 46,131 | 101,131 |
| 2037 | 60,000 | 43,312 | 103,312 |
| 2038 | 65,000 | 40,163 | 105,163 |
| 2039 | 70,000 | 36,750 | 106,750 |
| 2040 | 75,000 | 33,075 | 108,075 |
| 2041 | 80,000 | 29,138 | 109,138 |
| 2042 | 85,000 | 24,938 | 109,938 |
| 2043 | 90,000 | 20,475 | 110,475 |
| 2044 | 95,000 | 15,750 | 110,750 |
| 2045 | 100,000 | 10,763 | 110,763 |
| 2046 | 105,000 | 5,512 | 110,512 |
| | <u>\$ 1,395,000</u> | <u>\$ 1,415,128</u> | <u>\$ 2,810,128</u> |

JORDAN CROSSING METROPOLITAN DISTRICT

**SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED**

| Levy Year | Collection Year | Assessed Valuation | Mill Levy | | | Total Levy | Current Collection | Collection Rate |
|--|-----------------|--------------------|-----------|--------|--------|------------|--------------------|-----------------|
| | | | General | Debt | Total | | | |
| 2006 | 2007 | \$ 202,550 | 13.000 | 29.826 | 42.826 | \$ 8,674 | \$ 8,805 | 101.51% |
| 2007 | 2008 | 1,846,822 | 13.000 | 29.826 | 42.826 | 79,092 | 79,583 | 100.62% |
| 2008 | 2009 | 2,238,670 | 13.000 | 29.826 | 42.826 | 95,873 | 95,952 | 100.08% |
| 2009 | 2010 | 2,143,690 | 13.000 | 29.826 | 42.826 | 91,806 | 89,016 | 96.96% |
| 2010 | 2011 | 2,138,750 | 13.000 | 29.826 | 42.826 | 91,594 | 91,345 | 99.73% |
| 2011 | 2012 | 1,621,500 | 13.000 | 29.826 | 42.826 | 69,442 | 69,348 | 99.86% |
| 2012 | 2013 | 1,868,430 | 13.000 | 29.826 | 42.826 | 80,017 | 80,018 | 100.00% |
| 2013 | 2014 | 2,388,060 | 13.000 | 29.826 | 42.826 | 102,271 | 102,271 | 100.00% |
| 2014 | 2015 | 2,394,260 | 13.000 | 29.826 | 42.826 | 102,537 | 102,536 | 100.00% |
| 2015 | 2016 | 2,781,530 | 13.000 | 29.826 | 42.826 | 119,122 | 119,122 | 100.00% |
| 2016 | 2017 | 2,790,130 | 18.000 | 24.826 | 42.826 | 119,490 | 119,490 | 100.00% |
| Estimated for year ending December 31, 2018 | | \$ 2,986,740 | 32.864 | 14.397 | 47.261 | \$ 141,156 | | |

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

JORDAN CROSSING METROPOLITAN DISTRICT

Continuing Disclosure Annual Financial Information

General Obligation Refunding and Improvement Bonds, Series 2016

Year Ended December 31, 2017

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For CUSIPs:

48068RAB4
48068RAC2
48068RAD0
48068RAE8

JORDAN CROSSING METROPOLITAN DISTRICT

TABLE III

2017 Assessed and "Actual" Valuation of Classes of Property in the District

| Class | Assessed Valuation | Percent of Assessed Valuation | "Actual" Valuation | Percent of "Actual" Valuation |
|----------------|-------------------------------|--|-------------------------------|--|
| Residential | \$ 2,930,340 | 98.11% | \$ 40,697,541 | 99.93% |
| State Assessed | 56,400 | 1.89% | 27,656 | 0.07% |
| Total | <u><u>\$ 2,986,740</u></u> | <u><u>100.00%</u></u> | <u><u>\$ 40,725,197</u></u> | <u><u>100.00%</u></u> |

Source: Douglas County Assessor's Office

JORDAN CROSSING METROPOLITAN DISTRICT

TABLE IV

Largest Taxpayers Within the District

| Name | 2017 Assessed Valuation | Percent of Total Assessed Valuation |
|----------------------|--|--|
| Individual homeowner | \$ 34,000 | 1.14% |
| Individual homeowner | 33,390 | 1.12% |
| Individual homeowner | 33,270 | 1.11% |
| Individual homeowner | 33,090 | 1.11% |
| Individual homeowner | 32,900 | 1.10% |
| Individual homeowner | 32,790 | 1.10% |
| Individual homeowner | 32,790 | 1.10% |
| Individual homeowner | 32,730 | 1.10% |
| Individual homeowner | 32,530 | 1.09% |
| Individual homeowner | 32,250 | 1.08% |
| Total | <u>\$ 329,740</u> | <u>11.04%</u> |

Based on District 2017 assessed valuation of \$2,986,740. The remaining taxpayers within the District are comprised primarily of individual property owners.

Source: Douglas County Assessor's Office

JORDAN CROSSING METROPOLITAN DISTRICT

TABLE VI

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------------------------|------------------|------------------|------------------|-----------------|------------------|
| Revenues | | | | | |
| Property Taxes | \$ 24,290 | \$ 31,045 | \$ 31,125 | \$ 36,160 | \$ 50,222 |
| Specific Ownership Tax | 2,037 | 2,785 | 2,993 | 3,327 | 5,502 |
| Net investment income | 71 | 59 | 91 | 262 | 243 |
| Total Revenues | 26,398 | 33,889 | 34,209 | 39,749 | 55,967 |
| Expenditures | | | | | |
| Current | | | | | |
| Management | 5,408 | 5,045 | 5,719 | 7,480 | 5,663 |
| Accounting | 4,763 | 4,831 | 6,708 | 8,158 | 7,749 |
| Audit | 4,350 | 4,125 | 4,242 | 4,117 | 4,875 |
| Election | - | 863 | 52 | 523 | - |
| Insurance and Dues | 3,142 | 3,323 | 3,297 | 3,987 | 3,707 |
| Legal | 3,478 | 5,024 | 6,049 | 13,077 | 16,692 |
| Statutory Compliance | 575 | 437 | 598 | 356 | - |
| Treasurer's Fees | 364 | 466 | 467 | 543 | 754 |
| Miscellaneous | 915 | 749 | 596 | 312 | 226 |
| Developer Advance Repayment | 20,000 | - | 40,000 | 10,000 | 15,000 |
| Total Expenditures | 42,995 | 24,863 | 67,728 | 48,553 | 54,666 |
| Net Change in Fund Balance | (16,597) | 9,026 | (33,519) | (8,804) | 1,301 |
| Fund Balance - Beginning | 59,627 | 43,030 | 52,056 | 18,537 | 9,733 |
| Fund Balance - Ending | \$ 43,030 | \$ 52,056 | \$ 18,537 | \$ 9,733 | \$ 11,034 |

Sources: District's audited financial statements for the years ended December 31, 2013 - 2017

JORDAN CROSSING METROPOLITAN DISTRICT

TABLE VII

General Fund Budget Summary and Comparison

| | 2017 Budget | 2018 Budget | 2018 Year to Date Actual (unaudited) ¹ |
|-----------------------------------|------------------------|------------------------|--|
| Revenues | | | |
| Property Taxes | \$ 50,222 | \$ 98,156 | \$ 53,951 |
| Specific Ownership Tax | 5,554 | 3,500 | 3,266 |
| Net investment income | 232 | 200 | 218 |
| Total Revenues | 56,008 | 101,856 | 57,435 |
| Expenditures | | | |
| Current | | | |
| Management | 6,500 | 6,500 | 1,586 |
| Accounting | 8,000 | 8,000 | 3,165 |
| Audit | 4,875 | 5,000 | 164 |
| Election | - | 1,000 | 347 |
| Insurance and Dues | 3,707 | 4,100 | 3,753 |
| Legal | 18,000 | 10,000 | 734 |
| Treasurer's Fees | 754 | 1,472 | 809 |
| Miscellaneous | 500 | 900 | 100 |
| Emergency Reserve | 1,680 | 3,056 | - |
| Developer Advance Repayment | 15,000 | 60,000 | - |
| Total Expenditures | 59,016 | 100,028 | 10,658 |
| Net Change in Fund Balance | (3,008) | 1,828 | 46,777 |
| Fund Balance - Beginning | 9,733 | 6,725 | 11,034 |
| Fund Balance - Ending | \$ 6,725 | \$ 8,553 | \$ 57,811 |

¹ Year to date actual (unaudited) figures through May 31, 2018

Sources: District 2017 and 2018 Budgets and the District

JORDAN CROSSING METROPOLITAN DISTRICT

TABLE IX

District Historical Debt Ratios

| | Fiscal Years Ended December 31 | | | | |
|---|---------------------------------------|--------------|--------------|-------------|--------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Obligation Debt Outstanding | \$1,350,000 | \$ 1,330,000 | \$ 1,305,000 | \$1,395,000 | \$ 1,395,000 |
| Estimated Population ¹ | 300 | 300 | 300 | 300 | 300 |
| Debt Per Capita | \$ 4,500 | \$ 4,433 | \$ 4,350 | \$ 4,650 | \$ 4,650 |
| District Assessed Value | \$2,388,060 | \$ 2,394,260 | \$ 2,781,530 | \$2,790,130 | \$ 2,986,740 |
| Ratio of Debt to Assessed Value | 56.53% | 55.55% | 46.92% | 50.00% | 46.71% |
| Personal Income Per Capita (Douglas County) | \$ 58,147 | \$ 60,821 | \$ 67,314 | \$ 67,139 | unavailable |
| Ratio of Debt Per Capita to Personal Income Per Capita (Douglas County) | 7.74% | 7.29% | 6.46% | 6.93% | unavailable |

¹ Population estimate based on 2.84 persons per household in Douglas County, as provided by the U.S. Census Bureau, times the number of homes (107) within the District. Figure has been rounded.

Sources: Douglas County Assessor's Office, Regional Economics Information System Bureau of Economic Analysis