

LIVERPOOL METROPOLITAN DISTRICT
Arapahoe County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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June 21, 2018

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Board of Directors
Liverpool Metropolitan District
Arapahoe County, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Liverpool Metropolitan District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Liverpool Metropolitan District

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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 Districts 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 District'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 reasonable basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that GASB 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 GASB 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Liverpool Metropolitan District's basic financial statements. The accompanying schedule of revenues, expenditures and changes in fund balances – budget and actual for the debt service fund, the schedule of debt service obligations and interest requirements to maturity – long-term debt, and the summary of assessed valuation, mill levy and property taxes collected, collectively comprise the District's "supplementary information" as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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 taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
June 18, 2018

BASIC FINANCIAL STATEMENTS

**LIVERPOOL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017**

	Governmental Activities
ASSETS	
Cash and investments	\$ 603,753
Cash and investments - Restricted	57,889
Property taxes receivable	728,680
Due from County Treasurer	4,400
Prepays	6,414
Capital assets	
Land and land improvements, not being depreciated	50,934
Tap fees, not being depreciated	37,252
Landscaping improvements, net	419,252
Pedestrian bridge, net	253,755
Total assets	2,162,329
DEFERRED OUTFLOWS OF RESOURCES	
Cost of refunding	34,993
Total deferred outflows of resources	34,993
LIABILITIES	
Accounts payable	9,812
Accrued interest payable	8,190
Noncurrent liabilities	
Due within one year	220,000
Due in more than one year	2,225,000
Total liabilities	2,463,002
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	728,680
Total deferred inflows of resources	728,680
NET POSITION	
Net investment in capital assets	327,151
Restricted for:	
Emergency reserves	12,000
Debt service	39,494
Unrestricted	(1,373,005)
Total net position	\$ (994,360)

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

**LIVERPOOL METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 323,930	\$ -	\$ -	\$ -	\$ (323,930)
Interest and related costs on long-term debt	116,503	-	-	-	(116,503)
	<u>\$ 440,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (440,433)</u>
General revenues:					
Property taxes					648,268
Specific ownership taxes					55,528
Net investment income					8,496
Other income					142
Total general revenues					<u>712,434</u>
Change in net position					272,001
Net position - Beginning					(1,266,361)
Net position - Ending					<u>\$ (994,360)</u>

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

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

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 603,753	\$ -	\$ 603,753
Cash and investments - Restricted	12,000	45,889	57,889
Property tax receivable	445,237	283,443	728,680
Receivable county treasurer	2,455	1,945	4,400
Prepaid expense	6,414	-	6,414
TOTAL ASSETS	\$ 1,069,859	\$ 331,277	\$ 1,401,136
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 9,662	\$ 150	\$ 9,812
Total liabilities	\$ 9,662	\$ 150	\$ 9,812
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	445,237	283,443	728,680
Total deferred inflows or resources	445,237	283,443	728,680
FUND BALANCES			
Nonspendable for:			
Prepaid expense	6,414	-	6,414
Restricted for:			
Emergency reserves	12,000	-	12,000
Debt service	-	47,684	47,684
Assigned			
Subsequent year's expenditures	2,693	-	2,693
Unassigned	593,853	-	593,853
Total fund balances	614,960	47,684	662,644
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,069,859	\$ 331,277	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	761,193
Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Cost of refunding	34,993
Bonds payable	(2,445,000)
Accrued bond interest	(8,190)
Net position of governmental activities	\$ (994,360)

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

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

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 361,718	\$ 286,550	\$ 648,268
Specific ownership taxes	30,985	24,543	55,528
Net investment income	6,887	1,609	8,496
Other income	142	-	142
Total revenues	<u>399,732</u>	<u>312,702</u>	<u>712,434</u>
EXPENDITURES			
Current			
Accounting	17,540	-	17,540
Audit	3,700	-	3,700
County Treasurer's fees	6,259	3,468	9,727
Interest charge - County Treasurer	-	-	-
Directors' fees	2,000	-	2,000
Insurance	6,533	-	6,533
District management	29,086	-	29,086
Dues and Licenses	589	-	589
Dumpster day	3,470	-	3,470
Election	-	-	-
Irrigation water	37,273	-	37,273
Landscape maintenance - Main contract	45,540	-	45,540
Landscape maintenance - Irrigation repair	5,846	-	5,846
Landscape maintenance - HOA	-	-	-
Landscape maintenance - Other	23,008	-	23,008
Legal	7,271	-	7,271
Payroll tax	153	-	153
Pond maintenance	16,816	-	16,816
Pond Renovation	-	-	-
Repairs and Maintenance	2,438	-	2,438
Snow removal	769	-	769
Tree replacement	36,177	-	36,177
Utilities	1,654	-	1,654
Bridge Maintenance	-	-	-
Website	-	-	-
Engineering	37,185	-	37,185
Median safety lights	-	-	-
Miscellaneous	1,278	-	1,278
Contingency	-	-	-
Debt service			
Bond principal	-	205,000	205,000
Interest expense - Bonds	-	106,485	106,485
Paying agent fees	-	150	150
Capital outlay	-	-	-
Total expenditures	<u>284,585</u>	<u>315,103</u>	<u>599,688</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	17,208	17,208
Transfers (out)	(17,208)	-	(17,208)
Total other financing sources (uses)	<u>(17,208)</u>	<u>17,208</u>	<u>-</u>
NET CHANGE IN FUND BALANCES			
	97,939	14,807	112,746
FUND BALANCES - BEGINNING OF YEAR			
	517,021	32,877	549,898
FUND BALANCES - END OF YEAR			
	<u>\$ 614,960</u>	<u>\$ 47,684</u>	<u>\$ 662,644</u>

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

**LIVERPOOL 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	\$	112,746
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.		
Depreciation		(39,345)
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.		
Principal payment		205,000
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.		
Bond interest - Change in liability		684
Amortization of cost of refunding		(7,084)
		(6,399)
Changes in net position of governmental activities	\$	272,001

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

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

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 361,827	\$ 361,827	\$ 361,718	\$ (109)
Specific ownership taxes	28,946	28,946	30,985	2,039
Net investment income	2,716	3,500	6,887	3,387
Other income	-	142	142	-
Total revenues	<u>393,489</u>	<u>394,415</u>	<u>399,732</u>	<u>5,317</u>
EXPENDITURES				
Current				
Accounting	22,000	20,500	17,540	2,960
Audit	4,000	3,700	3,700	-
County Treasurer's fees	5,430	5,427	6,259	(832)
Insurance	6,800	6,533	6,533	-
Directors' fees	2,000	2,000	2,000	-
District management	50,000	40,000	29,086	10,914
Dues and Licenses	-	589	589	-
Dumpster day	3,000	5,000	3,470	1,530
Holiday Lighting	-	18,000	-	18,000
Irrigation water	50,000	40,000	37,273	2,727
Landscape maintenance - Main contract	80,000	62,730	45,540	17,190
Landscape maintenance - Irrigation repair	20,000	10,800	5,846	4,954
Landscape maintenance - Other	18,000	27,892	23,008	4,884
Legal	7,000	7,500	7,271	229
Payroll tax	153	153	153	-
Pond maintenance	12,000	15,000	16,816	(1,816)
Pond renovation	-	400,000	-	400,000
Repair and Maintenance	-	5,000	2,438	2,562
Snow removal	6,000	1,100	769	331
Tree replacement	21,000	55,000	36,177	18,823
Utilities	2,000	1,700	1,654	46
Bridge maintenance	1,500	-	-	-
Website	500	250	-	250
Engineering	36,000	45,000	37,185	7,815
Median safety lights	40,000	-	-	-
Miscellaneous	-	1,500	1,278	222
Contingency	4,617	-	-	-
Total expenditures	<u>392,000</u>	<u>775,374</u>	<u>284,585</u>	<u>490,789</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,489</u>	<u>(380,959)</u>	<u>115,147</u>	<u>496,106</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(10,995)</u>	<u>(10,995)</u>	<u>(17,208)</u>	<u>(6,213)</u>
Total other financing sources (uses)	<u>(10,995)</u>	<u>(10,995)</u>	<u>(17,208)</u>	<u>(6,213)</u>
NET CHANGE IN FUND BALANCE	(9,506)	(391,954)	97,939	489,893
FUND BALANCES - BEGINNING OF YEAR	494,702	517,021	517,021	-
FUND BALANCES - END OF YEAR	<u>\$ 485,196</u>	<u>\$ 125,067</u>	<u>\$ 614,960</u>	<u>\$ 489,893</u>

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

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

NOTE 1 - DEFINITION OF REPORTING ENTITY

Liverpool Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by order and decree of the District Court on November 22, 1994, 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 Arapahoe County on June 28, 1994. The District's service area is located in Arapahoe County, Colorado. The District was established to provide for improvements of collector and arterial roads, related drainage, landscaping, signage, signalization, and landscape maintenance.

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.

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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate financial statements are provided for 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes 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 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.

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'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.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and infrastructure assets (e.g. parks and recreation, sidewalks, and similar items), are reported 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.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

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:

Infrastructure:

Landscaping improvements	25 years
Pedestrian bridge	50 years

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Cost of Bond Refunding

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

Deferred Outflows/Inflows 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 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.

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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Restricted fund balance* – The portion of fund balance that is constrained to being 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 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	\$ 603,753
Cash and investments - Restricted	<u>57,889</u>
	<u>\$ 661,642</u>

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

Deposits with financial institutions	\$ 31,310
Investments	<u>630,332</u>
Total cash and investments	<u>\$ 661,642</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.

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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 of \$34,594 and a carrying balance of \$31,310.

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.

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) (CSAFE)	Weighted average under 60 days	<u>\$ 630,332</u>

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

NOTE 4 - CAPITAL ASSETS

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

	Balance at January 1, 2017	Increases	Decreases	Balance at December 31, 2017
Governmental activities				
Capital assets, not being depreciated:				
Land and land improvements	\$ 50,934	\$ -	\$ -	\$ 50,934
Tap fees	37,252	-	-	37,252
Total capital assets, not being depreciated	88,186	-	-	88,186
Capital assets, being depreciated:				
Landscaping improvements	819,905	-	-	819,905
Pedestrian bridge	327,428	-	-	327,428
Total capital assets, being depreciated	1,147,333	-	-	1,147,333
Less accumulated depreciation for:				
Landscaping improvements	367,857	32,796	-	400,653
Pedestrian bridge	67,124	6,549	-	73,673
Total accumulated depreciation	434,981	39,345	-	474,326
Total capital assets, being depreciated, net	712,352	(39,345)	-	673,007
Total capital assets	<u>\$ 800,538</u>	<u>\$ (39,345)</u>	<u>\$ -</u>	<u>\$ 761,193</u>

Depreciation expense was charged to the general government function.

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

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 January 1, 2017</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
General obligation bonds payable					
2007 Bonds	\$ 2,650,000	\$ -	\$ (205,000)	\$ 2,445,000	\$ 220,000

The details of the District's long-term obligations are as follows:

General Obligation Bonds

\$3,760,000 General Obligation Refunding Bonds and \$495,000 in Supplemental "B" Interest Registered Coupons dated February 1, 2007, with interest from 4.00% to 5.00% per annum, due June 1 and December 1. Principal is due on December 1. The coupons were issued to yield from 3.82% to 3.98% per annum. Principal is due on December 1. The bonds maturing on or before December 1, 2017, are not subject to redemption prior to their respective maturity dates. The bonds maturing on and after December 1, 2017, are subject to redemption prior to maturity at the option of the District. Payment of the principal and interest on the 2007 Bonds when due is insured by Ambac Assurance Corporation. The 2007 Bonds mature on December 1, 2026.

The Registered Coupons are not subject to redemption prior to maturity.

The Bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of, interest, and premium, if any, on the Bonds without limitation as to rate and in an amount sufficient to pay the Bonds when due.

The District's long-term obligations regarding the general obligation bonds will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 220,000	\$ 98,285	\$ 318,285
2019	230,000	89,485	319,485
2020	245,000	80,285	325,285
2021	255,000	70,485	325,485
2022	270,000	60,285	330,285
2023-2026	1,225,000	127,185	1,352,185
	<u>\$ 2,445,000</u>	<u>\$ 526,010</u>	<u>\$ 2,971,010</u>

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

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

On November 8, 1994, a majority of the qualified electors of the District authorized the issuance of indebtedness in any amount not to exceed \$4,045,000 at an interest rate not to exceed 9.50% per annum. On November 7, 1995, an additional \$750,000 was authorized. The District does not currently have any voter authorization for debt that is not issued.

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$4,795,000.

NOTE 6 - NET POSITION

The District has 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 investments in capital assets, net of related debt calculated as follows:

	<u>Governmental Activities</u>
Net investment in capital assets:	
Capital assets, net	\$ 761,193
Current portion of outstanding long-term obligations	(39,622)
Noncurrent portion of outstanding long-term obligations	(400,723)
Bond issuance and discount cost (net of accumulated amortization)	<u>6,303</u>
Investment in capital assets, net of related debt	<u><u>\$ 327,151</u></u>

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

NOTE 6 - NET POSITION (CONTINUED)

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, 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 Activites
Restricted net position:	
Emergency reserves	\$ 12,000
Debt service	39,494
Total restricted net position	\$ 51,494

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

NOTE 7 - INTERFUND TRANSFERS

In 2017, the District transferred \$17,208 from the General Fund to the Debt Service fund to effectively rebate the District's revenues which might exceed the Taxpayer's Bill of Rights (TABOR) spending limit calculation.

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 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.

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

NOTE 9 - TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as TABOR, contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

In 2017, the District transferred \$17,208 from the General Fund to the Debt Service fund to effectively rebate the District's excess revenues under the TABOR spending limit calculation.

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

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

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 286,636	\$ 286,550	\$ (86)
Specific ownership taxes	22,928	24,543	1,615
Net investment income	77	1,609	1,532
Total revenues	<u>309,641</u>	<u>312,702</u>	<u>3,061</u>
EXPENDITURES			
Debt service			
County Treasurer's fees	3,009	3,468	(459)
Bond principal	450	205,000	(204,550)
Interest expense - Bonds	106,485	106,485	-
Paying agent fees	205,000	150	204,850
Contingency	2,056	-	2,056
Total expenditures	<u>317,000</u>	<u>315,103</u>	<u>1,897</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,359)</u>	<u>(2,401)</u>	<u>1,164</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other fund	10,995	17,208	6,213
Total other financing sources (uses)	<u>10,995</u>	<u>17,208</u>	<u>6,213</u>
NET CHANGE IN FUND BALANCES	3,636	14,807	11,171
FUND BALANCES - BEGINNING OF YEAR	<u>26,223</u>	<u>32,877</u>	<u>6,654</u>
FUND BALANCES - END OF YEAR	<u>\$ 29,859</u>	<u>\$ 47,684</u>	<u>\$ 17,825</u>

**LIVERPOOL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE OBLIGATIONS AND INTEREST
REQUIREMENTS TO MATURITY
LONG TERM DEBT
December 31, 2017**

Bonds and Interest Maturing in the Year Ending December 31,	\$3,760,000 General Obligation Refunding Bonds Series 2007 Interest 4.0% - 4.1% Dated February 1, 2007 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2018	\$ 220,000	\$ 98,285	\$ 318,285
2019	230,000	89,485	319,485
2020	245,000	80,285	325,285
2021	255,000	70,485	325,485
2022	270,000	60,285	330,285
2023	285,000	49,485	334,485
2024	300,000	38,085	338,085
2025	310,000	26,085	336,085
2026	330,000	13,530	343,530
	\$ 2,445,000	\$ 526,010	\$ 2,971,010

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

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2013	\$ 19,746,870	31.973	\$ 631,367	\$ 600,462	95.11%
2014	\$ 18,974,620	28.279	\$ 536,583	\$ 536,529	99.99%
2015	\$ 18,957,129	28.279	\$ 536,089	\$ 536,089	100.00%
2016	\$ 22,472,146	28.279	\$ 635,490	\$ 635,465	100.00%
2017	\$ 22,930,916	28.279	\$ 648,463	\$ 648,268	99.97%
Estimated for year ending December 31,					
2018	\$ 25,767,524	28.279	\$ 728,680		

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.