

OLDE TOWN METROPOLITAN DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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April 26, 2018

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SCHILLING & COMPANY, INC.

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Olde Town Metropolitan District
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Olde Town Metropolitan District (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 from material misstatement.

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

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

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 Olde Town Metropolitan District, as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in 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 governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

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

The other information listed in the table of contents 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 it.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
April 17, 2018

BASIC FINANCIAL STATEMENTS

**OLDE TOWN METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments - unrestricted	\$ 93,443
Cash and investments - restricted	87,672
Prepays	26,488
Receivable - County Treasurer	1,003
Property taxes receivable	174,215
Total assets	<u>382,821</u>
LIABILITIES	
Accounts payable	2,168
Accrued interest on bonds	5,833
Noncurrent liabilities:	
Due within one year	15,000
Due in more than one year	860,000
Total liabilities	<u>883,001</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	174,215
Total deferred inflows of resources	<u>174,215</u>
NET POSITION	
Restricted for:	
Emergency reserves	2,200
Debt service	81,839
Unrestricted	(758,434)
Total net position	<u>\$ (674,395)</u>

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

OLDE TOWN METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 61,715	\$ -	\$ -	\$ -	\$ (61,715)
Interest and expenses on long-term debt	71,400	-	-	-	(71,400)
	<u>\$ 133,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(133,115)</u>
General revenues:					
Property taxes					136,622
Specific ownership taxes					14,966
Net investment income					2,613
Total general revenues					<u>154,201</u>
Change in net position					21,086
Net position - Beginning					(695,481)
Net position - Ending					<u>\$ (674,395)</u>

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

**OLDE TOWN METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	\$ 93,443	\$ -	\$ 93,443
Cash and investments - restricted	-	87,672	87,672
Prepays	26,488	-	26,488
Receivable - County Treasurer	1,003	-	1,003
Property taxes receivable	71,428	102,787	174,215
Total assets	\$ 192,362	\$ 190,459	\$ 382,821
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,168	\$ -	\$ 2,168
Total liabilities	2,168	-	2,168
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	71,428	102,787	174,215
Total deferred inflows of resources	71,428	102,787	174,215
FUND BALANCES			
Nonspendable fund balance:			
Prepaid expenditures	26,488	-	26,488
Spendable:			
Restricted:			
Emergency reserves	2,200	-	2,200
Debt service	-	87,672	87,672
Unassigned	90,078	-	90,078
Total fund balances	118,766	87,672	206,438
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	\$ 192,362	\$ 190,459	
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.			
Bonds payable			(875,000)
Accrued interest on bonds			(5,833)
Net position of governmental activities			\$ (674,395)

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

OLDE TOWN METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUE			
Property taxes	\$ 56,015	\$ 80,607	\$ 136,622
Specific ownership taxes	14,966	-	14,966
Net investment income	1,459	1,154	2,613
Total revenue	<u>72,440</u>	<u>81,761</u>	<u>154,201</u>
EXPENDITURES			
Audit fees	8,318	-	8,318
County Treasurer's fees	840	1,211	2,051
Directors' fees	-	-	-
District management and accounting	17,168	-	17,168
Dues and subscriptions	309	-	309
Insurance and bonds	2,489	-	2,489
Legal	7,185	-	7,185
License expense	24,000	-	24,000
Miscellaneous	195	-	195
Debt service:			
Bond principal	-	15,000	15,000
Bond interest	-	71,200	71,200
Paying agent fees	-	300	300
Total expenditures	<u>60,504</u>	<u>87,711</u>	<u>148,215</u>
NET CHANGE IN FUND BALANCE	11,936	(5,950)	5,986
FUND BALANCE - BEGINNING OF YEAR	<u>106,830</u>	<u>93,622</u>	<u>200,452</u>
FUND BALANCE - END OF YEAR	<u>\$ 118,766</u>	<u>\$ 87,672</u>	<u>\$ 206,438</u>

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

**OLDE TOWN METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCE
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 changes in fund balances - Total governmental funds \$ 5,986

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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.

The net effect of these differences are as follows:

Bond principal	\$ 15,000	
Change in accrued interest	<u>100</u>	<u>15,100</u>

Change in net position of governmental activities \$ 21,086

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

OLDE TOWN METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUE				
Property taxes	\$ 56,015	\$ 56,015	\$ 56,015	\$ -
Specific ownership taxes	12,500	12,500	14,966	2,466
Interest income	750	750	1,459	709
Total revenue	<u>69,265</u>	<u>69,265</u>	<u>72,440</u>	<u>3,175</u>
EXPENDITURES				
Audit fees	6,000	8,500	8,318	182
County Treasurer's fee	840	840	840	-
Directors' fees	1,000	-	-	-
District management and accounting	14,000	17,500	17,168	332
Dues and subscriptions	500	500	309	191
Insurance and bonds	2,500	2,500	2,489	11
Legal	8,000	8,000	7,185	815
License expense	24,000	24,000	24,000	-
Miscellaneous	400	400	195	205
Emergency reserve	2,080	2,200	-	2,200
Total expenditures	<u>59,320</u>	<u>64,440</u>	<u>60,504</u>	<u>3,936</u>
NET CHANGE IN FUND BALANCE	9,945	4,825	11,936	7,111
FUND BALANCE - BEGINNING OF YEAR	<u>118,119</u>	<u>106,830</u>	<u>106,830</u>	<u>(11,289)</u>
FUND BALANCE - END OF YEAR	<u>\$ 128,064</u>	<u>\$ 111,655</u>	<u>\$ 118,766</u>	<u>\$ (4,178)</u>

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

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Olde Town Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree on November 13, 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado, entirely within the Town of Parker (Town).

The District was organized to provide financing and acquire and construct public improvements within and without its boundaries, including street and traffic controls, water and sanitary sewer facilities, and storm sewer services and facilities.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Separate financial statements are provided for 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest, and related expenses on long-term general obligation debt.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

For the year ended December 31, 2017, supplementary appropriations approved by the District's Board of Directors modified the appropriation from \$59,320 to \$64,440 in the General Fund and from \$87,700 to \$87,750 in the Debt Service Fund.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single 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 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the District.

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

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances – Governmental Funds

The District’s governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

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

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

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

Unassigned fund balance – amounts that are available for any purpose.

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

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments - unrestricted	\$ 93,443
Cash and investments – restricted	<u>87,672</u>
	<u>\$ 181,115</u>

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

Deposits with financial institutions	\$ 663
Investments	<u>180,452</u>
Total cash and investments	<u><u>\$ 181,115</u></u>

Cash Deposits

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

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

At December 31, 2017, the District's cash deposits had a bank balance of \$5,927 and a carrying balance of \$663.

Investments

Credit Risk

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

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

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

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

Investment	Maturity	Fair Value
Colorado Local Government Liquid Asset Trust (ColoTrust)	Weighted average under 60 days	\$ 180,452
		<u>\$ 180,452</u>

COLOTRUST

During 2017, the District invested in the Colorado Local Government Liquid Asset Trust (Colotrust) 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 Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust'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 Colotrust. As of December 31, 2017, the District had \$180,452 invested in COLOTRUST PLUS+ in the name of the District. Colotrust is rated AAAM by S&P Global Ratings.

Cash and investments of \$87,672 are restricted in the Debt Service Fund for servicing the District's bond debt (Note 4).

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The

**OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

District held investments in Colotrust at yearend for which the investment valuations were determined as follows.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

NOTE 4 - LONG-TERM OBLIGATIONS

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

	Balance at			Balance at	
	December 31,		Refunded/	December 31, Due Within	
	2016	Additions	Payments	2017	One Year
2011 General Obligation Bonds	\$ 890,000	\$ -	\$ (15,000)	\$ 875,000	\$ 15,000
	<u>\$ 890,000</u>	<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ 875,000</u>	<u>\$ 15,000</u>

General Obligation Bonds, Series 2011

On January 19, 2011, the District issued \$910,000 General Obligation Bonds, Series 2011. Interest on the bonds is payable semiannually on June 1 and December 1, at an interest rate of 8%. The bonds are subject to mandatory sinking fund redemption beginning December 1, 2014, and each December 1 thereafter until final maturity on December 1, 2039. The bonds are secured by and payable from pledged revenue which consists of the moneys derived by the District from the levy of taxes without limit as to rate or amount to pay principal of, premium, if any, and interest on the bonds when due. The District's Service Plan stipulates, until such time as the Debt to Assessed Value is equal to or less than 50%, the ad valorem property tax mill levy shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate. The bond covenants required the establishment of a Bond Reserve Fund of \$87,500. At December 31, 2017, the balance in the Bond Reserve Fund was \$87,672.

The Bonds are subject to optional redemption prior to maturity, at the option of the District, in whole or in part, on and after December 1, 2020 and on any date thereafter, at the redemption price equal to par plus accrued interest, without redemption premium.

The Bonds were issued for the purposes of (i) to reimburse SPASCO of Colorado LLC for construction of certain infrastructure improvements within the District; (ii) to fund the reserve fund; and (iii) to pay the issuance costs and the Underwriter's fee with respect to the Bonds.

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

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

	2011 General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 15,000	\$ 70,000	\$ 85,000
2019	15,000	68,800	83,800
2020	15,000	67,600	82,600
2021	15,000	66,400	81,400
2022	20,000	65,200	85,200
2023-2027	115,000	300,800	415,800
2028-2032	185,000	245,600	430,600
2033-2037	295,000	154,400	449,400
2038-2039	200,000	26,000	226,000
	\$ 875,000	\$ 1,064,800	\$ 1,939,800

Advance and Reimbursement Agreement

In an Advance and Reimbursement Agreement dated May 17, 2010, the District and SPASCO of Colorado LLC (Developer) agreed that the District would recognize advances made by the Developer and would accept additional cash advances from the Developer for reimbursement by the District. The reimbursement would include interest at a rate of 7.0%. The payment of the reimbursement is subject to the District's annual appropriation. On October 24, 2011, the District approved the assignment of rights to seek reimbursement from the District for advances from SPASCO of Colorado LLC to International Bank of Commerce. The District did not receive any advances from the Developer during 2017 and there are no outstanding advances payable at December 31, 2017.

Authorized Debt

The following table depicts the borrowing authority authorized by the District's voters at the November 3, 2009 District Election and the amount remaining as of December 31, 2017, after application of debt issued by the District.

	Total Authorized	Authorization Used	Remaining at December 31, 2017
Water supply improvements	\$ 165,000	\$ 136,500	\$ 28,500
Sanitation	429,000	354,900	74,100
Streets	506,000	418,600	87,400
Operations	100,000	-	100,000
Debt refunding	1,100,000	-	1,100,000
	\$ 2,300,000	\$ 910,000	\$ 1,390,000

**OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - FUND EQUITY

At December 31, 2017, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$26,488 represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$2,200 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 10).

The restricted fund balance in the Debt Service Fund in the amount of \$87,672 is to be used exclusively for debt service requirements (See Note 4).

NOTE 6 - NET POSITION

The District's net position consists of two components – restricted and unrestricted.

The restricted portion of the net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2017 is as follows:

	Governmental Activities
Restricted net position:	
TABOR emergency reserve (Note 10)	\$ 2,200
Debt service (Note 4)	81,839
	\$ 84,039

In the government-wide financial statements, the District's unrestricted net deficit as of December 31, 2017 totaled \$758,434 primarily due to capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 – RELATED PARTY

The members of the Board of Directors of the District are owners of vacant land contracts to purchase property within the District and may have conflicts of interest in dealing with the District.

NOTE 8 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). 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, public officials' liability and workers compensation 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.

NOTE 9 - AGREEMENTS

On January 31, 2013, the District entered into a License Agreement (Agreement) with Robinson Ranch Metropolitan District for a perpetual term for the installation, operation and maintenance of certain signage and monumentation. The Agreement requires the District to pay \$2,000 per month for a total of \$24,000 annually. During 2017, the District remitted \$24,000 to Robinson Ranch Metropolitan District as required by the Agreement for the calendar year 2018. The amount paid for 2018 has been reflected as a prepaid expenditure at December 31, 2017.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

OLDE TOWN METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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

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

On November 2, 2004, the District's electors authorized the District to collect and spend, or retain annually any and all amounts from any revenue sources without regard to any limitation imposed by TABOR.

On November 2, 2004, the District's voters approved an increase in District taxes to \$100,000 annually for coverage of operations, maintenance and other expenses without regard to any spending, revenue-raising or other limitation contained within TABOR or Section 29-1-301, Colorado Revised Statutes.

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

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

SUPPLEMENTAL INFORMATION

OLDE TOWN METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Property taxes	\$ 80,607	\$ 80,607	\$ 80,607	\$ -
Interest Income	850	\$ 850	1,154	(304)
Total revenue	<u>81,457</u>	<u>81,457</u>	<u>81,761</u>	<u>(304)</u>
EXPENDITURES				
General				
County Treasurer's fees	1,200	1,250	1,211	39
Debt Service				
Bond principal	15,000	15,000	15,000	-
Bond interest	71,200	71,200	71,200	-
Paying agent fees	300	300	300	-
Total expenditures	<u>87,700</u>	<u>87,750</u>	<u>87,711</u>	<u>39</u>
NET CHANGE IN FUND BALANCE	(6,243)	(6,293)	(5,950)	(343)
FUND BALANCE - BEGINNING OF YEAR	<u>92,007</u>	<u>93,622</u>	<u>93,622</u>	<u>1,615</u>
FUND BALANCE - END OF YEAR	<u>\$ 85,764</u>	<u>\$ 87,329</u>	<u>\$ 87,672</u>	<u>\$ 1,272</u>

OTHER INFORMATION

**OLDE TOWN METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2017**

<u>Year Ended December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>	<u>Total Property Taxes</u>		Percentage Collected to Levied
			<u>Levied</u>	<u>Collected</u>	
2011	\$ 1,823,130	50.000	\$ 91,157	\$ 84,386	92.57%
2012	\$ 2,649,630	50.000	\$ 132,481	\$ 128,925	97.32%
2013	\$ 2,763,491	50.000	\$ 138,175	\$ 138,175	100.00%
2014	\$ 2,793,209	50.000	\$ 139,660	\$ 139,427	99.83%
2015	\$ 2,729,860	50.000	\$ 136,493	\$ 136,493	100.00%
2016	\$ 2,711,050	50.000	\$ 135,553	\$ 135,553	100.00%
2017	\$ 2,732,430	50.000	\$ 136,622	\$ 136,622	100.00%
Estimated for the year ending December 31, 2018	\$ 3,484,290	50.000	\$ 174,215		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

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

\$910,000 Series 2011
General Obligation Bonds
Interest Rate of 8.0%
Payable on June 1 and
December 1, Principal Due
on December 1

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	Principal	Interest	Debt Service
2018	\$ 15,000	\$ 70,000	\$ 85,000
2019	15,000	68,800	83,800
2020	15,000	67,600	82,600
2021	15,000	66,400	81,400
2022	20,000	65,200	85,200
2023	20,000	63,600	83,600
2024	20,000	62,000	82,000
2025	25,000	60,400	85,400
2026	25,000	58,400	83,400
2027	25,000	56,400	81,400
2028	30,000	54,400	84,400
2029	30,000	52,000	82,000
2030	40,000	49,600	89,600
2031	40,000	46,400	86,400
2032	45,000	43,200	88,200
2033	50,000	39,600	89,600
2034	55,000	35,600	90,600
2035	60,000	31,200	91,200
2036	60,000	26,400	86,400
2037	70,000	21,600	91,600
2038	75,000	16,000	91,000
2039	125,000	10,000	135,000
	<u>\$ 875,000</u>	<u>\$ 1,064,800</u>	<u>\$ 1,939,800</u>