

RAINDANCE METROPOLITAN DISTRICT NO. 1
Weld County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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July 28, 2018

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**Haynie &
Company**

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Report of Independent Certified Public Accountants

To the Board of Directors
Raindance Metropolitan District No. 1

We have audited the accompanying financial statements of the governmental activities and the major funds of Raindance Metropolitan District No. 1 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.

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 the major funds of Raindance Metropolitan District No. 1, 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.



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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 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 an opinion on the financial statements that collectively comprise Raindance Metropolitan District No. 1's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

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



Littleton, Colorado
July 19, 2018

BASIC FINANCIAL STATEMENTS

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 162,707
Cash and investments - Restricted	30,100
Receivable - County Treasurer	128
Property taxes receivable	564
Prepaid insurance	8,053
Capital assets, not being depreciated:	
Construction in progress	1,086,978
Total assets	1,288,530
LIABILITIES	
Accounts payable	9,415
Noncurrent liabilities	
Due in more than one year	211,983
Total liabilities	221,398
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	564
Total deferred inflows of resources	564
NET POSITION	
Restricted for:	
Emergency reserves	30,100
Unrestricted	1,036,468
Total net position	\$ 1,066,568

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

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 103,395	\$ -	\$ 1,381,564	\$ -	\$ 1,278,169
	<u>\$ 103,395</u>	<u>\$ -</u>	<u>\$ 1,381,564</u>	<u>\$ -</u>	<u>1,278,169</u>
General revenues:					
Property taxes					23,482
Specific ownership taxes					1,824
Total general revenues					<u>25,306</u>
Change in net position					1,303,475
Net position - Beginning					(236,907)
Net position - Ending					<u>\$ 1,066,568</u>

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

**RAINDANCE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and investments	\$ 159,359	\$ 3,348	\$ 162,707
Cash and investments - Restricted	30,100	-	30,100
Receivable - County Treasurer	128	-	128
Property taxes receivable	564	-	564
Prepaid insurance	8,053	-	8,053
TOTAL ASSETS	\$ 198,204	\$ 3,348	\$ 201,552
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,067	\$ 3,348	\$ 9,415
Total liabilities	6,067	3,348	9,415
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	\$ 564	\$ -	\$ 564
Total deferred inflows of resources	564	-	564
FUND BALANCES			
Nonspendable			
Prepaid insurance	8,053	-	8,053
Restricted			
Emergency reserves	30,100	-	30,100
Unrestricted			
General government	153,420	-	153,420
Total fund balances	191,573	-	191,573
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 198,204	\$ 3,348	

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

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

Capital assets, not being depreciated

1,086,978

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

Developer advance payable

(211,983)

Net position of governmental activities

\$ 1,066,568

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

RAINDANCE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 23,482	\$ -	\$ 23,482
Specific ownership taxes	1,824	-	1,824
Transfers from District No. 2	976,419	-	976,419
Other revenue	-	405,145	405,145
Total revenues	<u>1,001,725</u>	<u>405,145</u>	<u>1,406,870</u>
EXPENDITURES			
Accounting	26,900	-	26,900
County Treasurer's fees	352	-	352
Dues	1,009	-	1,009
Engineering	-	11,441	11,441
Insurance	10,023	-	10,023
Legal	51,775	-	51,775
Miscellaneous	1,875	20	1,895
Capital outlay - softcosts	-	1,086,978	1,086,978
Total expenditures	<u>91,934</u>	<u>1,098,439</u>	<u>1,190,373</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	909,791	(693,294)	216,497
OTHER FINANCING SOURCES (USES)			
Developer advances	-	1,086,978	1,086,978
Repayment of Developer advances	(275,000)	(875,000)	(1,150,000)
Transfers (to)/from other funds	(481,316)	481,316	-
Total other financing sources (uses)	<u>(756,316)</u>	<u>693,294</u>	<u>(63,022)</u>
NET CHANGE IN FUND BALANCES	153,475	-	153,475
FUND BALANCES - BEGINNING OF YEAR	<u>38,098</u>	<u>-</u>	<u>38,098</u>
FUND BALANCES - END OF YEAR	<u>\$ 191,573</u>	<u>\$ -</u>	<u>\$ 191,573</u>

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

**RAINDANCE METROPOLITAN DISTRICT NO. 1
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	\$ 153,475
<p>Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p>	
Capital outlay - current year	1,086,978
<p>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.</p>	
Repayment of Developer advances	1,150,000
Current year Developer advances	<u>(1,086,978)</u>
Changes in net position of governmental activities	<u><u>\$ 1,303,475</u></u>

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

**RAINDANCE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 23,482	\$ 23,482	\$ -
Specific ownership taxes	1,170	1,824	654
Transfers from District No. 2	991,658	976,419	(15,239)
Transfers from District No. 3	289	-	(289)
Transfers from District No. 4	1,885	-	(1,885)
Total revenues	<u>1,018,484</u>	<u>1,001,725</u>	<u>(16,759)</u>
EXPENDITURES			
Accounting	15,000	26,900	(11,900)
County Treasurer's fees	352	352	-
Dues	1,200	1,009	191
Insurance	9,800	10,023	(223)
Legal	30,000	51,775	(21,775)
Miscellaneous	2,648	1,875	773
Capital outlay - softcosts	681,000	-	681,000
Total expenditures	<u>740,000</u>	<u>91,934</u>	<u>648,066</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	278,484	909,791	631,307
OTHER FINANCING SOURCES (USES)			
Repayment of Developer advances	(275,000)	(275,000)	-
Transfer to other fund	-	(481,316)	(481,316)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(275,000)</u>	<u>(756,316)</u>	<u>(481,316)</u>
NET CHANGE IN FUND BALANCES	3,484	153,475	149,991
FUND BALANCES - BEGINNING OF YEAR	<u>28,227</u>	<u>38,098</u>	<u>9,871</u>
FUND BALANCES - END OF YEAR	<u>\$ 31,711</u>	<u>\$ 191,573</u>	<u>\$ 159,862</u>

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

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Raindance Metropolitan District No. 1 (District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Windsor, Weld County, Colorado, on June 12, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide financing for the planning, design, acquisition, construction installation, relocation, redevelopment, operations and maintenance of the public improvements within the District including streets, parks and recreation, water and wastewater facilities, transportation, mosquito control, safety protection, fire protection, television relay and translation, and security. The District was organized in conjunction with three other related Districts - Raindance Metropolitan Districts No. 2, No. 3 and No. 4. The District serves as the Operating District which is responsible for coordinating the financing, construction and maintenance of all Public Improvements and other services needed for Raindance Metropolitan Districts Nos. 2-4 (Financing Districts), which are responsible for providing the tax base needed to support financing of capital improvements.

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 organization, nor is the District a component unit of any other primary governmental entity.

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

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.

RAINDANCE METROPOLITAN DISTRICT NO. 1
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 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.

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 intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Capital Projects fund accounts for the resources accumulated and payments made for capital project expenditures.

Budgets

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

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

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, sale 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 unearned property tax revenue is recorded as revenue in the year they are available or collected.

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 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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as 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 balances are 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	\$ 162,707
Cash and investments – Restricted	<u>30,100</u>
Total cash and investments	<u><u>\$ 192,807</u></u>

RAINDANCE METROPOLITAN DISTRICT NO. 1
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	\$ 192,807
Total cash and investments	<u>\$ 192,807</u>

Deposits with Financial Institutions

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

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

At December 31, 2017, the District's cash deposits had a bank and carrying balance of \$192,807.

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 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.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

As of December 31, 2017, the District had no investments.

NOTE 4 - CAPITAL ASSETS

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

	Balance at December 31, 2016	Additions	Reductions/ Reclassi- fications	Balance at December 31, 2017
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,086,978	\$ -	\$ 1,086,978
Total capital assets, not being depreciated	<u>\$ -</u>	<u>\$ 1,086,978</u>	<u>\$ -</u>	<u>\$ 1,086,978</u>

Upon completion and acceptance, a significant portion of capital assets will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of those assets. Upon acceptance of the improvements by other local governments, the District will remove the cost of construction from its capital assets.

RAINDANCE METROPOLITAN DISTRICT NO. 1
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:

	Balance at December 31, 2016	Additions	Payments	Balance at December 31, 2017	Due Within One Year
Developer Advances	\$ 275,005	\$ 1,086,978	\$ 1,150,000	\$ 211,983	\$ -
	<u>\$ 275,005</u>	<u>\$ 1,086,978</u>	<u>\$ 1,150,000</u>	<u>\$ 211,983</u>	<u>\$ -</u>

At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 6, 2014	Authorized But Unissued
Water	\$ 93,000,000	\$ 93,000,000
Sanitation/Stormwater	93,000,000	93,000,000
Streets	93,000,000	93,000,000
Parks and Recreation	93,000,000	93,000,000
Public Transportation	93,000,000	93,000,000
Fire Protection	93,000,000	93,000,000
Mosquito Control	93,000,000	93,000,000
Safety Protection	93,000,000	93,000,000
Security	93,000,000	93,000,000
TV Relay and Translation	93,000,000	93,000,000
Operation and Maintenance	93,000,000	93,000,000
Debt Refunding	93,000,000	93,000,000
Intergovernmental Agreements	93,000,000	93,000,000
Private Agreements	93,000,000	93,000,000
Special Assessments	93,000,000	93,000,000
	<u>\$ 1,395,000,000</u>	<u>\$ 1,395,000,000</u>

Pursuant to the Service Plan, the maximum general obligation indebtedness for all of Financing Districts combined is not to exceed \$93,000,000.

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - AGREEMENTS

2017 Acceptance Resolutions

The Districts have adopted two Joint Resolutions Regarding Acceptance of Districts Eligible Costs and Reimbursements of Funds Advanced for and/or on Behalf of the Districts, adopted on July 31, 2017 and September 19, 2017 (the "2017 Acceptance Resolutions"), pursuant to which the Districts determined to accept, approve, and reimburse certain cost of public improvements funded by the Developer. The Districts adopted the 2017 Acceptance Resolutions to memorialize intention to reimburse the Developer for such public improvements costs. As of December 31, 2017, outstanding advances under this agreement totaled \$211,983.

NOTE 7 – OPERATIONS AND MAINTENANCE FUNDING

By adopting the budget for 2017, the District's Board of Directors approved for the District to provide certain operation, maintenance and administrative services benefitting Raindance Metropolitan Districts No. 2, No. 3 and No. 4 (collectively, "Districts"). The Districts were to pay all costs of such services through the imposition of ad valorem property taxes and transferring the net tax revenues to the District. During 2017, District No. 2 had transferred \$976,419.

NOTE 8 - RELATED PARTIES

The Developer of the property which constitutes the District is Raindance Land Company, LLC, a Delaware limited liability company (Developer). Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer, and may have conflicts of interest in dealing with the District.

NOTE 9 - RISK MANAGEMENT

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

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
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.

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. At December 31, 2017, the District determined/calculated its required emergency reserve to be approximately \$30,100.

The District's management has taken steps it believes are necessary to comply 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.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent to year end, the District entered into the following agreements:

District Coordinating Services Agreement (District Nos. 1-4)

Effective as of January 1, 2018, the Districts entered into a District Coordinating Services Agreement (the "Coordinating Services Agreement") for the purpose of establishing the respective obligations of the Districts with respect to the coordination, oversight, and funding of certain administrative costs of the Districts, and costs related to the continued operation and maintenance of certain of the Public Improvements within such Districts. Pursuant to the Coordinating Services Agreement, the District was designated as the "coordinating district" (the "Coordinating District") and Districts No. 2, No. 3 and No. 4 were each designated as "financing districts" (the "Financing Districts").

Common Finance Plan Resolution

On March 27, 2018, District No. 3 and the District adopted a Joint Resolution Regarding Intent to Implement Common Plan of Finance (the "Common Finance Plan Resolution"), pursuant to which: (i) the District and District No. 3 declared their mutual intent to implement the common plan of finance set forth and approved in the Service Plan to fund or reimburse all or a portion of the capital costs related to the Public Improvements to serve RainDance from the Bonds; and (ii) District No. 3 declared its intent, upon issuance of the Bonds, to transfer all available revenues to the District for the payment of such costs, including amounts owed by the District pursuant to the Reimbursement Agreements (as defined below) and the Covered Bridge Funding Agreement

RAINDANCE METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - SUBSEQUENT EVENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreements

The District and the Developer have entered into an Infrastructure Acquisition and Reimbursement Agreement dated March 1, 2018 (the “Developer Reimbursement Agreement”), and the District and a subsidiary of Journey Homes is also expected to enter into a similar agreement (the “JH Reimbursement Agreement” and together with Developer Reimbursement Agreement, the “Reimbursement Agreements”). Pursuant to the Reimbursement Agreements, it is/will be acknowledged that the Developer or Journey Homes, as applicable, has incurred certain costs related to the public infrastructure for the benefit of the District, and may incur additional costs related thereto, and that the District agrees to reimburse the Developer or Journey Homes, as applicable, for any and all costs of any kind related to the provision of the public improvements that may be lawfully funded by the District, after such costs are reviewed and certified by the District’s Accountant and Engineer.

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

SUPPLEMENTARY INFORMATION

**RAINDANCE METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenue	\$ -	\$ 405,145	\$ 405,145	\$ -
Total revenues	<u>-</u>	<u>405,145</u>	<u>405,145</u>	<u>-</u>
EXPENDITURES				
Engineering	-	11,500	11,441	59
Miscellaneous	-	100	20	80
Capital outlay - softcosts	-	1,087,000	1,086,978	22
Total expenditures	<u>-</u>	<u>1,098,600</u>	<u>1,098,439</u>	<u>161</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(693,455)	(693,294)	161
OTHER FINANCING SOURCES (USES)				
Developer advances	-	1,087,000	1,086,978	(22)
Repayment of Developer advances	-	(875,000)	(875,000)	-
Transfer from other fund	-	481,455	481,316	(139)
Total other financing sources (uses)	<u>-</u>	<u>693,455</u>	<u>693,294</u>	<u>(161)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RAINDANCE METROPOLITAN DISTRICT NO. 1
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>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2015	\$ 880,640	39.000	0.000	\$ 34,345	\$ 33,830	98.50%
2016	\$ 2,110,540	39.000	0.000	\$ 82,311	\$ 82,311	100.00%
2017	\$ 602,110	39.000	0.000	\$ 23,482	\$ 23,482	100.00%
Estimated for year ending December 31, 2018	\$ 14,460	39.000	0.000	\$ 564		