

**SADDLER RIDGE METROPOLITAN DISTRICT**  
Weld County, Colorado

**FINANCIAL STATEMENTS**  
December 31, 2017

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Office of the State Auditor

September 27, 2018

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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

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## **Independent Auditor's Report**

Members of the Board of Directors  
Saddler Ridge Metropolitan District  
Weld County, Colorado

We have audited the accompanying financial statements of the governmental activities and the major funds of Saddler Ridge Metropolitan District as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **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 Saddler Ridge Metropolitan District, as of December 31, 2017 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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## **Other Matters**

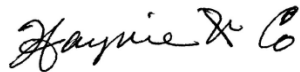
### *Required Supplementary Information*

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 Saddle Ridge Metropolitan District'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  
September 25, 2018

## **BASIC FINANCIAL STATEMENTS**

**SADDLER RIDGE METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2017**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 14,343
Cash and investments - Restricted	482,502
Property taxes receivable	42,028
Receivable from County Treasurer	162
Accounts receivable	1,280
Capital assets	4,534,160
Total assets	<u>5,074,475</u>
<b>LIABILITIES</b>	
Accounts payable	1,080,156
Noncurrent liabilities	
Due in more than one year	<u>8,452,934</u>
Total liabilities	<u>9,533,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	42,028
Deferred revenue	155
Total deferred inflows of resources	<u>42,183</u>
<b>NET POSITION</b>	
Net investment in capital assets	(4,589,859)
Restricted for:	
Emergency reserves	5,000
Debt Service	14,812
Unrestricted	69,249
Total net position	<u>\$ (4,500,798)</u>

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

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

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Government activities:					
General government	\$ 606,741	\$ 137,629	\$ -	\$ -	\$ (469,112)
Interest and related costs on long-term debt	195,480	-	-	-	(195,480)
	<u>\$ 802,221</u>	<u>\$ 137,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(664,592)</u>
General revenues:					
Property taxes					24,284
Specific ownership taxes					2,308
Interest income					983
Other income					1,178
Special items:					
Forgiveness and cancellation of debt					2,873,447
Total general revenues					<u>2,902,200</u>
Change in net position					2,237,608
Net position - Beginning					<u>(6,738,406)</u>
Net position - Ending					<u>\$ (4,500,798)</u>

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

**SADDLER RIDGE METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 14,343	\$ -	\$ -	\$ 14,343
Cash and investments - Restricted	5,000	16,231	461,271	482,502
Property taxes receivable	21,014	21,014	-	42,028
Receivable from County Treasurer	81	81	-	162
Accounts receivable	1,280	-	-	1,280
Total assets	\$ 41,718	\$ 37,326	\$ 461,271	\$ 540,315
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Accounts payable	\$ 56,036	\$ 1,500	\$ 974,375	\$ 1,031,911
Retainage payable	-	-	48,245	48,245
Total liabilities	56,036	1,500	1,022,620	1,080,156
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	21,014	21,014	-	42,028
Unearned revenue	155	-	-	155
Total deferred inflows of resources	21,169	21,014	-	42,183
<b>FUND BALANCES (DEFICITS)</b>				
Restricted for:				
Emergency reserves	5,000	-	-	5,000
Debt service	-	14,812	-	14,812
Unassigned	(40,487)	-	(561,349)	(601,836)
Total fund balances (deficits)	(35,487)	14,812	(561,349)	(582,024)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 41,718</b>	<b>\$ 37,326</b>	<b>\$ 461,271</b>	

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

Capital assets are reported as assets on the Statement of Net Position but are recorded as expenditures in the funds	
Capital assets, net of depreciation	4,534,160
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(7,326,000)
Developer advances payable	(1,074,743)
Accrued interest on Developer advances	(52,191)
Net position of governmental activities	<b>\$ (4,500,798)</b>

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

**SADDLER RIDGE 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>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 12,142	\$ 12,142	\$ -	\$ 24,284
Specific ownership taxes	1,154	1,154	-	2,308
Operations & Maintenance fee	24,336	-	-	24,336
Supplemental operations fee	5,018	-	-	5,018
Interest income	261	192	530	983
Transfer fees	1,500	-	-	1,500
System Development fees	25,000	-	-	25,000
Plant investment fees	5,000	-	-	5,000
Sewer tap fees	25,000	-	-	25,000
Sewer service fees	4,694	-	-	4,694
Miscellaneous income	1,178	-	-	1,178
Haul away fees - Windsong	44,081	-	-	44,081
Architecture Review Fee Income	3,000	-	-	3,000
Total revenues	<u>152,364</u>	<u>13,488</u>	<u>530</u>	<u>166,382</u>
<b>EXPENDITURES</b>				
Current				
Accounting	60,260	-	-	60,260
Architectural Review	3,319	-	-	3,319
County Treasurer's fees	184	184	-	368
Directors' fees	1,000	-	-	1,000
District management	19,575	-	-	19,575
Dues and licenses	1,678	-	-	1,678
Engineering	50,157	-	7,120	57,277
Financial modeling	1,125	-	-	1,125
Hardscape maintenance	2,098	-	-	2,098
Haul away repayment - Windsong	39,901	-	-	39,901
Insurance and bonds	7,153	-	-	7,153
Interest expense - abatement	242	-	-	242
Landscaping	40,968	-	-	40,968
Legal	83,817	-	-	83,817
MBR Plant operations	106,594	-	-	106,594
Miscellaneous	7,081	-	-	7,081
Payroll taxes	77	-	-	77
Postage and copies	2,825	-	-	2,825
Repay developer advances	15,000	-	-	15,000
Sanitary Sewer Facility Maintenance (MBR)	1,075	-	-	1,075
Utilities	31,640	-	-	31,640
Website	1,150	-	-	1,150
Debt service				
Bond issue costs	-	106,750	-	106,750
Interest expense - abatement	-	242	-	242
Paying agent fees	-	1,500	-	1,500
Capital				
Capital outlay	-	-	1,322,967	1,322,967
Construction management	-	-	75,154	75,154
Land purchase	-	-	23,751	23,751
Legal services	-	-	497	497
Major repairs	-	-	108,390	108,390
Total expenditures	<u>476,919</u>	<u>108,676</u>	<u>1,537,879</u>	<u>2,123,474</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(324,555)</u>	<u>(95,188)</u>	<u>(1,537,349)</u>	<u>(1,957,092)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	-	6,350,000	976,000	7,326,000
Developer advance	271,601	110,000	-	381,601
Repayment of developer advance	-	(6,350,000)	-	(6,350,000)
Total other financing sources (uses)	<u>271,601</u>	<u>110,000</u>	<u>976,000</u>	<u>1,357,601</u>
<b>NET CHANGE IN FUND BALANCES</b>	(52,954)	14,812	(561,349)	(599,491)
<b>FUND BALANCES - BEGINNING OF YEAR</b>				
	<u>17,467</u>	<u>-</u>	<u>-</u>	<u>17,467</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (35,487)</u>	<u>\$ 14,812</u>	<u>\$ (561,349)</u>	<u>\$ (582,024)</u>

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

**SADDLER RIDGE 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 changes in fund balances - Total governmental funds	\$ (599,491)
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of any cost of any depreciable asset over the estimated useful life of the asset.</p>	
Capital outlay	1,530,262
Depreciation	(136,779)
<p>Long-term debt (e.g., bonds, Developer advances) 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. The net effect of these differences in the treatment of long-term debt and related items is as follows:</p>	
Developer advance	(381,601)
Repay Developer advance	6,365,000
Bond issuance	(7,326,000)
Forgiveness of developer advances and interest	2,873,447
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest on Developer advances - Change in liability	(87,230)
Change in net position of governmental activities	\$ 2,237,608

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

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

	Budget		Actual	Variance-
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 14,865	\$ 14,865	\$ 12,142	\$ (2,723)
Specific ownership taxes	1,041	1,041	1,154	113
Operations & Maintenance fee	135,303	135,303	24,336	(110,967)
Supplemental operations fee	3,600	3,600	5,018	1,418
Interest income	176	176	261	85
Transfer fees	-	2,550	1,500	(1,050)
System Development fees	-	85,000	25,000	(60,000)
Plant investment fees	-	17,000	5,000	(12,000)
Sewer tap fees	-	85,000	25,000	(60,000)
Sewer service fees	-	1,980	4,694	2,714
Miscellaneous income	-	-	1,178	1,178
Haul away fees - Windsong	-	33,941	44,081	10,140
Architecture Review Fee Income	-	-	3,000	3,000
Total revenues	<u>154,985</u>	<u>380,456</u>	<u>152,364</u>	<u>(228,092)</u>
<b>EXPENDITURES</b>				
Current				
Accounting	35,318	61,696	60,260	1,436
Architectural Review	-	-	3,319	(3,319)
County Treasurer's fees	223	223	184	39
Directors' fees	-	-	1,000	(1,000)
District management	86,112	16,758	19,575	(2,817)
Dues and licenses	-	1,250	1,678	(428)
Engineering	35,000	35,000	50,157	(15,157)
Financial modeling	-	-	1,125	(1,125)
Hardscape maintenance	10,000	10,000	2,098	7,902
Haul away repayment - Windsong	33,941	39,901	39,901	-
Insurance and bonds	7,638	7,638	7,153	485
Interest expense - abatement	-	-	242	(242)
Landscaping	49,000	49,000	40,968	8,032
Legal	23,000	112,354	83,817	28,537
Legal - Litigation/Special Counsel	20,000	-	-	-
MBR Plant operations	49,900	106,594	106,594	-
Miscellaneous	-	3,309	7,081	(3,772)
Payroll taxes	-	-	77	(77)
Postage and copies	-	-	2,825	(2,825)
Repairs and replacements	55,000	55,000	-	55,000
Repay developer advances	85,000	85,000	15,000	70,000
Sanitary Sewer Facility Maintenance (MBR)	-	17,900	1,075	16,825
Storm Water Facility maintenance	15,500	15,500	-	15,500
Streets/Roadways	25,000	25,000	-	25,000
Utilities	15,000	15,000	31,640	(16,640)
Website	1,250	-	1,150	(1,150)
Total expenditures	<u>546,882</u>	<u>657,123</u>	<u>476,919</u>	<u>180,204</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>(391,897)</u>	<u>(276,667)</u>	<u>(324,555)</u>	<u>(47,888)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer advance	-	270,000	271,601	1,601
Total other financing sources (uses)	<u>-</u>	<u>270,000</u>	<u>271,601</u>	<u>1,601</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	<u>(391,897)</u>	<u>(6,667)</u>	<u>(52,954)</u>	<u>(46,287)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>				
	<u>-</u>	<u>17,467</u>	<u>17,467</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>				
	<u>\$ (391,897)</u>	<u>\$ 10,800</u>	<u>\$ (35,487)</u>	<u>\$ (46,287)</u>

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

**SADDLER RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Saddler Ridge Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on August 6, 2003 in Weld County, Colorado, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under an Amended and Restated Service Plan Approved by the Town Council of the Town of Severance, Colorado on July 28, 2008. The District's service area is located in the Town of Severance, Weld County, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water and sanitation service, street construction, installation of safety control devices, construction and maintenance of parks and recreation facilities, public transportation, fire protection, television relay and translation system, security services and mosquito control.

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.

**SADDLER RIDGE 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 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. 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 District 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. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of 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 total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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

**Pooled Cash and Investments**

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

**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.

**Operations and Maintenance Fee**

Operations fees were determined by the Board of Directors by a resolution dated July 19, 2017. The fee is set at \$100 per month per residential unit owned by an end-user.

**Transfer Fee**

Transfer fees were determined by the Board of Directors by a resolution dated July 19, 2017. The fee is \$150 per transfer for each residential unit, lot or vacant lot.

**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**System Development Fee**

The System Development fee was determined by the Board of Directors by a resolution dated April 19, 2017. The fee is set at \$5,000 per single family unit and \$2,500 per townhouse or condominium prior to the issuance of a building permit.

**Plant Investment Fee**

The Plant investment fee was determined by the Board of Directors by a resolution dated July 19, 2017. The fee is a one-time charge of \$1,000 per vacant lot prior to the issuance of a building permit.

**Sewer Tap Fee**

The Sewer tap fees were determined by the Board of Directors by a resolution dated July 19, 2017. The fee is a one-time charge of \$5,000 per vacant lot prior to the issuance of a building permit.

**Sewer Service Fee**

The Sewer service fee was determined by the Board of Directors by a resolution dated July 19, 2017. The fee is set at \$55/month per residential unit owned by an end-user.

**Haul Away Fee**

The Haul Away fees are assessed to the Windsong Estate under the Operating Agreement Interim Sanitary Sewer Service dated February 1, 2013.

**Architecture Review Fee**

Architecture review fees were set by the Board of Directors by a resolution dated May 12, 2017. The fee is \$125 per residential unit, lot or vacant lot for residential improvements, and \$275 per lot or vacant lot for new home design.

**Capital Assets**

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Recreation	20 years
Sewer and Storm	20 years
Streets/Roadways	20 years

**SADDLER RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Amortization**

In the fund financial statements, governmental fund types recognize bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**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 two items that qualify 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.
- *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.

**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- *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.

**Deficits**

The General Fund reported a deficit in the fund financial statements as of December 31, 2017. The deficit will be eliminated with the receipt of property taxes in 2018.

**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	\$ 18,043
Cash and Investments - Restricted	<u>478,802</u>
Total Investments	<u><u>\$ 496,845</u></u>

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

Deposits with financial institutions	\$ 22,929
Investments	<u>473,916</u>
Total cash and investments	<u><u>\$ 496,845</u></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.

**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

At December 31, 2017, the District's cash deposits had a bank balance and a carrying balance of \$22,929.

**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. Guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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:

<b>Investment</b>	<b>Maturity</b>	<b>Amount</b>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 13,142
Federated Treasury Money Market Fund	Weighted average under 60 days	<u>460,774</u>
		<u>\$ 473,916</u>

**SADDLER RIDGE 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. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Federated Treasury Money Market Fund**

The debt service money that is included in the trust accounts at Zions Bank is invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's.

**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in property for the period ended December 31, 2017, follows:

	<u>Balance at January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2017</u>
<b>Governmental Type Activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 1,184,050	\$ -	\$ 1,184,050
Total capital assets, not being depreciated	<u>-</u>	<u>1,184,050</u>	<u>-</u>	<u>1,184,050</u>
Capital assets being depreciated:				
Parks and Recreation	688,937	-	-	688,937
Sewer and Storm	1,963,654	346,212	-	2,309,866
Streets/Roadways	<u>1,277,664</u>	<u>-</u>	<u>-</u>	<u>1,277,664</u>
Total capital assets being depreciated	<u>3,930,255</u>	<u>346,212</u>	<u>-</u>	<u>4,276,467</u>
Less accumulated depreciation for:				
Parks and Recreation	(162,666)	(22,965)	-	(185,631)
Sewer and Storm	(325,241)	(71,225)	-	(396,466)
Streets/Roadways	<u>(301,671)</u>	<u>(42,589)</u>	<u>-</u>	<u>(344,260)</u>
Total accumulated depreciation	<u>(789,578)</u>	<u>(136,779)</u>	<u>-</u>	<u>(926,357)</u>
Total capital assets, being depreciated, net	<u>3,140,677</u>	<u>209,433</u>	<u>-</u>	<u>3,350,110</u>
Governmental activities capital assets, net	<u>\$ 3,140,677</u>	<u>\$ 1,393,483</u>	<u>\$ -</u>	<u>\$ 4,534,160</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 136,779
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**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS**

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

	Balance at December 31, 2016	Additions	Retirement of Long-Term Obligations	Balance at December 31, 2017	Due Within One Year
G.O. Bonds - Series 2017A	\$ -	\$ 6,350,000	\$ -	\$ 6,350,000	\$ -
G.O. Subordinate Bonds - Series 2017B	-	976,000	-	976,000	-
Developer advances - capital	5,825,187	-	5,825,187	-	-
Developer advances - operating	526,617	-	526,617	-	-
Developer advances - Third Party Advances	693,142	381,601	-	1,074,743	-
Accrued interest -					
Developer advances - capital	2,520,964	35,466	2,556,430	-	-
Accrued interest -					
Developer advances - operating	312,007	3,206	315,213	-	-
Accrued interest -					
Developer advances - Third Party Advances	18,633	48,558	15,000	52,191	-
	<u>\$ 9,896,550</u>	<u>\$ 7,794,831</u>	<u>\$ 9,238,447</u>	<u>\$ 8,452,934</u>	<u>\$ -</u>

**\$6,350,000 Series 2017A General Obligation Bonds**

On January 26, 2017, the District issued Series 2017 A General Obligation Limited Tax Bonds (Series 2017A Bonds) in the amount of \$6,350,000. The Series 2017A Bonds bear no interest from the Issue Date until November 30, 2019, they then begin accruing interest at a rate of 1.00% per annum from December 1, 2019 until November 30, 2022, and from December 1, 2022 onward they bear interest at a rate of 5.00% per annum. Interest payments begin December 1, 2023.

The Series 2017A Bonds are subject to redemption priority, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, on any date, upon payment of the principal amount so redeemed plus accrued interest on the date of redemption, without redemption premium.

The Series 2017A Bonds are secured by and payable from the Pledged Revenue, consisting of monies derived by the District from the following sources, after payment of any costs of collection: 1) the Required Mill Levy; 2) the Pledged Specific Ownership Taxes; 3) The Pledged Development Fees; and 4) any other legally available moneys that the Board determines in its sole discretion to credit to the Bond Fund. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of the following mill levies, adjusted, provided the required mill levy does not result in tax revenue in excess of the maximum tax increases permitted by the 2007 Election debt authorization allocated to the bonds:

The maximum Required Mill Levy is subject to adjustment for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2017, the adjusted maximum mill levy is 21.111.

**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

<u>Levy Year</u>	<u>Tax Collection Year</u>	<u>Required Mill Levy (Subject to Adjustment)</u>
2017	2018	20.000 mills
2018 through 2020	2019 through 2021	25.000 mills
2021	2022	45.000 mills
2022 and thereafter	2023 and thereafter	50.000 mills

**\$4,650,000 Series 2017B General Obligation Bonds**

On January 26, 2017, the District issued Series 2017B General Obligation Limited Tax Bonds (Series 2017B Bonds) with a final amount of \$4,650,000.

The Series 2017B Bonds bear no interest from the Advance Date until November 30, 2019, they then begin accruing interest at a rate of 1.00% per annum from December 1, 2019 until November 30, 2022, and from December 1, 2022 onward they bear interest at a rate of 5.00% per annum. Interest payments begin December 1, 2023.

The Series 2017B Bonds were issued initially as a single Series 2017B Bond and registered in the name of the Liberty Savings Bank, F.S.B., a Federal Savings Bank (the "Bank"). The purchase price for the Series 2017B Bonds shall be paid by the Bank in the form of Advances made by the Bank up to the final par amount of \$4,650,000. The District's available voter-approved debt authorization shall be allocated to the Series 2017B Bonds upon receipt of each advance based upon the actual expenditure of the proceeds thereof.

The Series 2017B are subject to mandatory redemption prior to maturity, from and to the extent of excess amounts credited from the Project Fund to the Bond fund. The Series 2017 B Bonds are also subject to redemption prior to the maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, on any date, upon payment of the principal amount so redeemed plus accrued interest on the date of redemption, without redemption premium.

**Developer Advances**

The District entered into an Advance and Reimbursement Agreements with Saddler Arena, LLC (Saddler Arena) on May 17, 2004, under which the District agreed to fully reimburse Saddler Arena for the advances made on behalf of the District for organizational costs, operations, maintenance, and administrative costs of the District.

On August 12, 2008, the District, Bridle Hill Development Company, LLC (Bridle Hill) and Saddler Arena entered into an Assignment and Restatement of Advance and Reimbursement Agreement. Bridle Hill was the successor-in-interest to Saddler Arena and the District consented to this assignment. The District agreed to pay Bridle Hill for the organizational costs of the District. The District agreed to fully reimburse Bridle Hill for advances made.

On August 12, 2008, Bridle Hill and the District entered into an Infrastructure Acquisition Agreement whereby Bridle Hill agreed to construct and install public infrastructure for the District and in return, the District agreed to purchase the infrastructure conditioned on Bridle Hill meeting specific conditions.

**SADDLER RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

On July 30, 2012, the District, Bridle Hill and Ark Royal Capital, LLC (Ark Royal) entered into an Amended and Restated Advance and Reimbursement Agreement (Reimbursement Agreement). Bridle Hill assigned its interest in the advances and reimbursements previously made to the District to Ark Royal. The Reimbursement Agreement included a schedule of capital improvements completed and monies advanced by Bridle Hill for operations on behalf of the District.

On January 26, 2017, the District, the Bank, Ark Royal Holdings, LLC and Ark Royal entered into a Settlement Agreement and Mutual Release. On January 26, 2017, concurrently with the issuance of the Series 2017A Bonds, the District repaid \$4,310,000 of advances to Ark Royal Holdings, LLC, and \$2,040,000 to the Bank as reimbursement of eligible capital costs. The remaining balances of principal and interest of \$1,804 and \$2,871,643, respectively were forgiven by Ark Royal and the Bank, and the Reimbursement Agreement was terminated.

**Funding and Reimbursement Agreement**

On December 12, 2013 the District and the Bank (collectively, the "Parties") entered into a Funding and Reimbursement Agreement (The "Agreement"). The Agreement provided for \$56,800 funding by the bank of certain District 2013-2014 Operating and Maintenance (O&M) expenses, plus \$540,000 specific capital improvements (CIP Advance) in exchange for the District issuing final acceptance of public infrastructure, as set forth in the Agreement.

On August 11, 2014 the Parties entered into the First Amendment to the Agreement, allowing the District to use up to \$100,000 of the CIP Advance of \$540,000 for administrative, operations and maintenance costs of the District.

On January 6, 2015, the Parties entered into the Second Amendment to the Agreement, allowing the District to use an additional \$100,000 of the CIP Advance of \$540,000 for administrative, operations and maintenance costs of the District and extend the term of the Agreement until December 31, 2015.

On December 15, 2015, the Parties entered into the Third Amendment to the agreement, increasing the CIP O&M Advance for 2015, and allocating additional funds up to \$162,841 for O&M expenses in 2016, leaving a remaining balance of \$81,064 from the original CIP Advance of \$540,000.

On September 21, 2016, the Parties entered into the Fourth Amendment to the Agreement, allocating the remaining balance of \$81,064 from the original CIP Advance and an additional \$442,103 through the end of 2016 as a CIP advance for authorized Infrastructure and Improvements necessary for the District's provision of: (i) up to \$241,000 for sanitary sewer plant/service; (ii) up to \$120,000 for O&M Expense; and (iii) up to \$120,000 for pond repair.

On January 1, 2017 the Parties entered into the Fifth Amendment to the Agreement, under the terms of which the Bank agreed to fund an additional maximum amount of \$210,000 for anticipated General Fund expenses and a maximum amount of \$110,000 for Cost of Issuance expenses incurred by the District. In 2018, the Bank agrees to fund an additional Maximum amount of \$200,000 for anticipate General Fund expenses.

**SADDLER RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

On November 15, 2017, the Parties entered into the Sixth Amendment to the Agreement, stating that in no event shall the Bank assign, transfer or convey all or any portion of its rights to receive repayment from the District. Any purported assignment, transfer or conveyance shall be void.

As of December 31, 2017 the District owes \$1,074,743 and \$52,191 principal and interest, respectively.

The District's Series 2017A Bonds will mature as follows:

	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ -	\$ -	\$ -
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023-2027	790,000	1,725,917	2,515,917
2028-2032	1,025,000	1,288,229	2,313,229
2033-2037	1,280,000	1,005,917	2,285,917
2038-2042	1,630,000	651,958	2,281,958
2043-2047	1,625,000	200,979	1,825,979
	<u>\$ 6,350,000</u>	<u>\$ 4,873,000</u>	<u>\$ 11,223,000</u>

The District's Series 2017B Bonds will mature as follows:

	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ -	\$ -	\$ -
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023-2027	579,000	1,263,813	1,842,813
2028-2032	750,000	943,325	1,693,325
2033-2037	937,000	736,696	1,673,696
2038-2042	1,194,000	477,525	1,671,525
2043-2047	1,190,000	147,242	1,337,242
	<u>\$ 4,650,000</u>	<u>\$ 3,568,600</u>	<u>\$ 8,218,600</u>

**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Debt Authorization**

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

	<b>Authorized November 6, 2007 Election</b>	<b>Series 2017A Authorization Used</b>	<b>Series 2017B Authorization Used</b>	<b>Remaining at December 31, 2017</b>
Streets	\$ 9,900,000	\$ 1,710,706	\$ -	\$ 8,189,294
Traffic and safety	750,000	-	-	750,000
Water	4,100,000	1,780,768	-	2,319,232
Sanitation	10,500,000	2,102,125	976,000	7,421,875
Parks and recreation	6,100,000	756,401	-	5,343,599
	<u>\$ 31,350,000</u>	<u>\$ 6,350,000</u>	<u>\$ 976,000</u>	<u>\$ 24,024,000</u>

Pursuant to the Service plan, the total Debt that the District shall be permitted to issue shall not exceed \$31,350,000, exclusive of refundings. Additionally, the maximum debt mill levy is 50.000 mills (adjusted to 55.277).

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**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 investment in capital assets calculated as follows:

	<b>Governmental Activities</b>
Net investment in capital assets:	
Capital assets, net	\$ 3,350,110
Noncurrent portion of outstanding long-term obligations	<u>(7,939,969)</u>
Net investment in capital assets	<u>\$ (4,589,859)</u>

**SADDLER RIDGE METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 6 - NET POSITION (CONTINUED)**

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2017, as follows:

	<b>Governmental Activities</b>
Restricted net assets	
Emergency reserves	\$ 5,000
Total restricted net assets	\$ 5,000

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, of which the majority will be conveyed to other governmental entities, and the repayment of Developer advances and accrued interest on those advances.

**NOTE 7 - RELATED PARTY**

The Developers of the property which constitutes the District is the Bank. Some of the members of the Board of Directors are employees of, owners of, or otherwise associated with the Developers, and may have conflicts of interest in dealing with the District.

**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, workers compensation 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.

**SADDLER RIDGE METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS**

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending 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 January 10, 2007, the District's voters approved for an annual increase in taxes of \$6,336,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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**

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

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 14,865	\$ 14,865	\$ 12,142	\$ (2,723)
Specific ownership taxes	1,041	1,041	1,154	113
Interest income	-	-	192	192
Total revenues	<u>15,906</u>	<u>15,906</u>	<u>13,488</u>	<u>(2,418)</u>
<b>EXPENDITURES</b>				
Bond issue costs	110,000	110,000	106,750	3,250
County Treasurer's fees	223	223	184	39
Interest expense - abatement	-	-	242	(242)
Paying agent fees	-	-	1,500	(1,500)
Total expenditures	<u>110,223</u>	<u>110,223</u>	<u>108,676</u>	<u>1,547</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(94,317)</u>	<u>(94,317)</u>	<u>(95,188)</u>	<u>(871)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	11,000,000	11,000,000	6,350,000	(4,650,000)
Developer advance	110,000	110,000	110,000	-
Repayment of developer advance	(6,350,000)	(6,350,000)	(6,350,000)	-
Transfers to other fund	(4,650,000)	(4,650,000)	-	4,650,000
Total other financing sources (uses)	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	15,683	15,683	14,812	(871)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 15,683</u>	<u>\$ 15,683</u>	<u>\$ 14,812</u>	<u>\$ (871)</u>

**SADDLER RIDGE METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2017**

	Budget		Actual	Variance- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 530	\$ 530
Total revenues	<u>-</u>	<u>-</u>	<u>530</u>	<u>530</u>
<b>EXPENDITURES</b>				
Capital outlay	-	4,290,000	1,322,967	2,967,033
Construction Management	-	-	75,154	(75,154)
Engineering	-	110,000	7,120	102,880
Land purchase for sewer	-	-	23,751	(23,751)
Legal services	-	-	497	(497)
MBR Facility major repairs	-	250,000	108,390	141,610
Total expenditures	<u>-</u>	<u>4,650,000</u>	<u>1,537,879</u>	<u>3,112,121</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(4,650,000)</u>	<u>(1,537,349)</u>	<u>3,112,651</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	976,000	976,000
Transfers from other funds	<u>-</u>	<u>4,650,000</u>	<u>-</u>	<u>(4,650,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>4,650,000</u>	<u>976,000</u>	<u>(3,674,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>(561,349)</u>	<u>(561,349)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (561,349)</u>	<u>\$ (561,349)</u>

## **OTHER INFORMATION**

**SADDLER RIDGE METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	\$6,350,000 General Obligation Refunding Bonds Series 2017A, Dated January 26, 2017 Interest Rate 0.0% to 5.0% Payable December 1			Bonds and Interest Maturing in the Year Ending December 31,	\$4,650,000 General Obligation Refunding Bonds Series 2017B, Dated January 26, 2017 Interest Rate 0.0% to 5.0% Payable December 1		
	Principal	Interest	Total		Principal	Interest	Total
2019	\$ -	\$ -	\$ -	2019	\$ -	\$ -	\$ -
2020	-	-	-	2020	-	-	-
2021	-	-	-	2021	-	-	-
2022	-	-	-	2022	-	-	-
2023	145,000	533,854	678,854	2023	106,000	390,933	496,933
2024	150,000	309,625	459,625	2024	110,000	226,742	336,742
2025	155,000	302,104	457,104	2025	114,000	221,225	335,225
2026	165,000	294,313	459,313	2026	121,000	215,496	336,496
2027	175,000	286,021	461,021	2027	128,000	209,417	337,417
2028	185,000	277,229	462,229	2028	135,000	202,988	337,988
2029	195,000	267,938	462,938	2029	143,000	196,204	339,204
2030	205,000	258,146	463,146	2030	150,000	189,025	339,025
2031	215,000	247,854	462,854	2031	157,000	181,496	338,496
2032	225,000	237,063	462,063	2032	165,000	173,613	338,613
2033	235,000	225,771	460,771	2033	172,000	165,333	337,333
2034	245,000	213,979	458,979	2034	179,000	156,704	335,704
2035	255,000	201,688	456,688	2035	187,000	147,721	334,721
2036	265,000	188,896	453,896	2036	194,000	138,342	332,342
2037	280,000	175,583	455,583	2037	205,000	128,596	333,596
2038	295,000	161,521	456,521	2038	216,000	118,300	334,300
2039	310,000	146,708	456,708	2039	227,000	107,454	334,454
2040	325,000	131,146	456,146	2040	238,000	96,058	334,058
2041	340,000	114,833	454,833	2041	249,000	84,113	333,113
2042	360,000	97,750	457,750	2042	264,000	71,600	335,600
2043	380,000	79,667	459,667	2043	278,000	58,342	336,342
2044	395,000	60,604	455,604	2044	289,000	44,396	333,396
2045	415,000	40,771	455,771	2045	304,000	29,883	333,883
2046	435,000	19,938	454,938	2046	319,000	14,621	333,621
	<u>\$ 6,350,000</u>	<u>\$ 4,873,000</u>	<u>\$ 11,223,000</u>		<u>\$ 4,650,000</u>	<u>\$ 3,568,600</u>	<u>\$ 8,218,600</u>

**SADDLER RIDGE METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<u>Year Ending December 31,</u>	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	251,000	924,788	1,175,788
2024	260,000	536,367	796,367
2025	269,000	523,329	792,329
2026	286,000	509,808	795,808
2027	303,000	495,438	798,438
2028	320,000	480,217	800,217
2029	338,000	464,142	802,142
2030	355,000	447,171	802,171
2031	372,000	429,350	801,350
2032	390,000	410,675	800,675
2033	407,000	391,104	798,104
2034	424,000	370,683	794,683
2035	442,000	349,408	791,408
2036	459,000	327,238	786,238
2037	485,000	304,179	789,179
2038	511,000	279,821	790,821
2039	537,000	254,163	791,163
2040	563,000	227,204	790,204
2041	589,000	198,946	787,946
2042	624,000	169,350	793,350
2043	658,000	138,008	796,008
2044	684,000	105,000	789,000
2045	719,000	70,654	789,654
2046	754,000	34,558	788,558
	<u>\$ 11,000,000</u>	<u>\$ 8,441,600</u>	<u>\$ 19,441,600</u>

**SADDLER RIDGE METROPOLITAN DISTRICT  
SCHEDULE 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>Percentage Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2014	\$ 380,390	50.000	-	\$ 19,020	\$ 18,903	99.39%
2015	748,710	50.000	-	37,436	37,436	100.00%
2016	823,550	50.000	-	41,178	41,178	100.00%
2017	743,250	20.000	20.000	29,729	24,284	81.68%
Estimated for the year ending December 31, 2018	\$ 995,410	21.111	21.111	\$ 42,028		

**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.