

**SAND CREEK
METROPOLITAN DISTRICT**

FINANCIAL STATEMENTS

December 31, 2017

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June 21, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sand Creek Metropolitan District
Adams and Denver Counties, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

i

Fiscal Focus Partners, LLC

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through vii and budgetary comparison information on page 26 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information on pages iii through vii in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The required supplementary information on page 26 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Lakewood, Colorado
May 6, 2018

**SAND CREEK METROPOLITAN DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
Year Ending December 31, 2017**

History:

The District, a quasi-municipal corporation, was organized by order of the District Court on November 20, 1995 initially as Gateway Park Metropolitan District, but, on February 14, 1996, the name was changed to Sand Creek Metropolitan District. The District is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by the City of Aurora ("City" herein) and is subject to an intergovernmental agreement with the City requiring, inter alia, prior City approval for inclusions or exclusions of property into or out of the District, consolidation, and the future dissolution of the District. The District's service area is located partially in Adams County and partially in the City and County of Denver ("Denver" herein). The District was established to provide financing for and the construction and selected maintenance of roadway improvements, drainage structures, street safety controls, parks and recreation facilities, potable and irrigation water, sanitary sewer, landscaping improvements, television relay and translation systems and mosquito control.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction and guide to the District's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements:

The government-wide financial statements provide readers with a broad overview of the District's financials, in a manner similar to private-sector business. The Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently has three funds, the General Fund, the Capital Projects Fund, and the Debt Service Fund which are governmental funds. The District is required to present fund balance sheets and statements of revenues, expenses, and changes in fund balance.

General 2017:

District efforts in 2017 focused on (1) increasing the efficiency of its operation and maintenance activities; (2) completing capital projects to include landscaping UPB-1 and the 40th Ave right of way, completing the widening of the Denver section of Tower Road north of E. 40th Avenue, installing permanent traffic signals at 40th & Salida and 43rd & Tower Road, and landscaping and installing signage at the Darby Channel; (3) complying with the requirements of the IGA's with the City of Aurora and the City and County of Denver through its Department of Aviation and Public Works Department; and (4) raising capital necessary to support continued assessed value growth within the District.

Major 2017 Milestones:

- Experienced an increase in assessed valuation from \$192,583,830 to \$216,074,390 due to new construction within the district and reassessment of certain properties within the District;
- Continued maintenance and repair of all District facilities;
- Continued construction efforts with the City and County of Denver and the City of Aurora for the reconstruction of Tower Road north of E. 40th Avenue;
- In consultation with the City of Aurora, State of Colorado Historical Preservation Office, the Highline Conservancy, and the United States Fish and Wildlife Service, completed design, approval and installation of trail

signage to memorialize historic structures on the Highline Canal, which installation completes all District obligations under this memorandum of understanding.

- Completed issuance of the District’s Series 2017 bonds in the amount of \$5,000,000 to fund infrastructure needed to support assessed value growth within the District;
- Contracted for the design of E. 40th Avenue, Salida Street, and pond UP-1 modifications needed to support construction of approximately 600,000 square feet of new warehouse distribution facilities in Gateway Park IV East;
- Completed a cost reimbursement agreement for public improvements required to support Station A, a new 400 home residential community within the District in Gateway Park IV west; and
- Completed the 2016 audit and all required EMMA reporting filings.

General Discussion of District Financial Position

The following discussion should be read in conjunction with the Notes to the Financial Statements. The governmental funds financial statements focus on the measurement of current financial resources. Therefore the balance sheet includes only current assets and liabilities and the statement of revenues, expenditures and changes in fund balance reports the sources and uses of current financial resources. The government-wide statements for the District include capital assets and bonds payable that are not included in the fund financial statements. The financial statements also include reconciliations between the fund financial statements and the government-wide statements.

The following table presents the condensed statement of net position for the District as of December 31, 2017.

Condensed Financial Information	
December 31, 2017	
	Governmental Activities
Assets:	
Current Assets	\$ 13,090,589
Deferred Outflows of Resources	44,109
Net Capital Assets	11,011,697
Total Assets	24,146,395
Liabilities:	
Current Liabilities	2,698,821
Noncurrent Liabilities	62,763,624
Deferred Inflows of Resources	5,777,394
Total Liabilities and Deferred Inflows of Resources	71,239,839
Net Position:	
Net Investment in Capital Assets	(48,484,992)
Restricted Net Position	581,373
Unrestricted Net Position	810,175
Total Net Position	\$ (47,093,444)

As shown in the Statement of Net Position and as described in Note 12 of the Financial Statement, the District’s Total Net Position of \$(47,093,444) at December 31, 2017, results from the District issuance of long term bonds to fund capital infrastructure improvements and, when completed, the subsequent transfer of the majority of said improvements to third party governmental entities for perpetual operation and maintenance. The transfer of these assets to other governmental entities minimizes the District’s ongoing operation and maintenance costs and is consistent with requirements of the City of Aurora and the City and County of Denver in which the District is located. Non-transferred assets remaining on the District’s Statement of Net Position consist primarily of right-of-way landscaping, lakes/storm water detention facilities, entry monuments, various private drives/streets, lift stations, and streetlight systems, and limited sanitary and storm sewers.

As shown in the Statement of Activities, Net Position, End of Year increased by \$2,309,725 between December 31, 2017 and December 31, 2016. Total Governmental Activities, net program expense of \$(4,892,133), which includes Assets Transferred to other Governments of \$13,852, was offset by Total General Revenues of \$7,201,858. It is expected that negative Total Net Position will increase in the short term, but eventually decrease upon completion of all required infrastructure within the District, completed asset transfers to the Cities cease, and long term bond debt (non-recurring liabilities) is retired.

District activities are divided into three funds as described in Note 3 of the Statement: General Fund, Capital Projects Fund and Debt Service Fund. The General Fund expenditures for 2017 of \$1,375,797 reflect expenditures for landscape maintenance of \$614,880, office lease expense of \$172,058, utilities of \$273,668 (the bulk of the utility expense is water purchased to irrigate the District's landscape areas) and capital repairs of \$173,074. Other District General Fund expenses include management fees, legal, audit and insurance expenditures. Overall, general fund expenditures were \$31,430 less than those in the 2017 budget. General Fund expenditures are funded by certain reimbursement, including an office space sub-lease, and a 2017 operating mill levy of 10.00 mills. The General Fund balance increased by \$659,627 to \$927,577 at year end 2017. The 2018 operating mill levy of 6.50 mills, when assessed against the District's 2018 assessed valuation, is expected to generate sufficient revenue to cover budgeted operating expenditures and targeted major infrastructure repair and maintenance items. Reimbursement revenue received by the General Fund in excess of operating costs is anticipated to be transferred to the undesignated reserve account.

Capital project expenditures for 2017 were \$1,512,605 less than the 2017 budget amount due to construction delays in the Tower Road N. of 40th / Denver project, the Bolling Drive extension project, and the signalization of Salida & Walden circle project. The Capital Projects Fund ended 2017 with a fund balance of \$4,768,204 compared to a 2016 year end fund balance of \$616. The change in position was due to receipt of \$5,409,943 in bond proceeds, \$457,284 in reimbursements, \$132,787 in transfers from other funds and \$1,886 in interest proceeds offset by expenditures of \$1,060,825 required to complete or partially complete budgeted capital projects and bond issuance costs of \$173,487.

The Debt Service Fund balance decreased by \$343,202 to \$1,459,074 at year end 2017. The debt service costs are funded primarily with property tax revenues derived from the debt service mill levy set at 22.00 mills in 2017. Interest expense in 2017 was \$2,512,980 compared to \$2,545,790 in 2016. The decreased interest expense in 2017 is due to the refunding of the Series 2004 and Series 2006 bonds with the lower interest bearing Series 2015 bonds. The debt service fund net asset balance is restricted for the payment of debt service, and includes property tax revenues for debt service as well as reserve funds required by the 2010 A&B bonds. The 2018 debt service mill levy has been reduced to 21.00 mills which is sufficient to meet anticipated 2018 debt fund payments based upon the increased District assessed valuation.

The District improved its financial position in 2017 by reducing its reliance on general fund reimbursements, funding its operations from its 10.00 mills operating levy, and by virtue of growth in assessed value allowing the District to meet its debt service requirements from a reduced debt service mill levy of 22 mills in 2017. Continued assessed value growth is anticipated in 2018 and, when combined with the above referenced mill levies, presents a positive outlook for the District long term financial position.

The following discussion and data table compares the budget to actual 2017 activity in the funds.

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

For the Year Ended December 31, 2017

	Total Governmental Activities Actual 2016	Total Governmental Activities Actual 2017	Original & Final Budget 2017	Variance
Revenues:				
Property Taxes	\$ 5,998,225	\$ 5,968,322	\$ 6,025,041	\$ (56,719)
Specific Ownership Taxes	477,504	553,201	361,502	191,699
Reimbursements	211,646	471,772	884,000	(412,228)
Contract Revenue	12,731	12,731	12,731	-
Office Sub-Lease Revenue	144,057	161,712	143,771	17,941
Miscellaneous	-	15,000	6,500	8,500
Interest	20,731	19,120	16,500	2,620
Total Revenues	6,864,894	7,201,858	7,450,045	(248,187)
Expenditures:				
Operating Expenditures:				
Audit	6,952	7,136	7,200	64
Legal	17,307	13,840	14,000	160
Management Fees	59,933	56,649	50,000	(6,649)
Insurance	8,010	9,078	10,000	922
County Treasurer Fees	13,339	25,334	26,000	666
Utilities	291,969	273,668	295,000	21,332
Office Lease Improvement	5,165	-	-	-
Office Lease Expense	149,164	172,058	170,288	(1,770)
Other	21,358	21,465	20,550	(915)
Property Tax Rebates	4,149	8,615	73,544	64,929
Capital Repairs	-	173,074	180,500	7,426
Landscape Maintenance	594,822	614,880	560,145	(54,735)
	1,172,168	1,375,797	1,407,227	31,430
Debt Service:				
County Treasurer Fees	70,290	58,054	60,400	2,346
Bank Service Fees	2,397	2,050	3,000	950
Principal	2,040,000	2,230,000	2,230,000	-
Management Fees	-	-	6,000	6,000
Interest Expense	2,545,790	2,512,980	2,635,482	122,502
Property Tax Rebates	171,967	114,595	138,509	23,914
	4,830,444	4,917,679	5,073,391	155,712
Capital Outlay:				
Management Fees	136,533	61,233	48,350	(12,883)
Other Contract Services	61,831	29,359	96,800	67,441
Landscape Maintenance	42,277	52,438	10,780	(41,658)
Construction Costs	2,258,830	917,795	2,417,500	1,499,705
	2,499,471	1,060,825	2,573,430	1,512,605
Total Expenditures	8,502,083	7,354,301	9,054,048	1,699,747
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,637,189)	(152,443)	(1,604,003)	1,451,560
Other Financing Sources (Uses):				
Bond Proceeds	-	5,409,943	1,750,000	3,659,943
Bond Issue Costs	-	(129,237)	(75,000)	(54,237)
Bond Insurance	-	(44,250)	-	(44,250)
Total Other Financing Sources (Uses)	-	5,236,456	1,675,000	3,561,456
Net Changes in Fund Balances	(1,637,189)	5,084,013	70,997	5,013,016
Fund Balances, Beginning of Year	3,708,031	2,070,842	4,316,824	(2,245,982)
Fund Balances End of Year	\$ 2,070,842	\$ 7,154,855	\$ 4,387,821	\$ 2,767,034

Revenues: Revenue from infrastructure reimbursements was \$412,228 less than the original budget due to the delay of the Tower Road construction and the anticipated reimbursement from other governments associated with same. Property tax revenue was \$56,719 less than the original budget due to property tax protests. Specific Ownership tax was \$191,699 higher than the original budget. Office sublease revenue was \$17,941 higher than original budget. Miscellaneous income was \$8,500 more than the original budget. Interest income was \$2,620 higher than the original budget. Total revenues for 2017 were \$248,187 lower than anticipated due primarily to the budgeted but unearned reimbursement income. This negative variance was offset by a positive variance of \$1,699,747 in overall District expenditures.

Expenditures: Total 2017 operating expenditures of \$1,375,797 were \$203,629 greater than 2016 operating expenditures of \$1,172,168 due to capital repairs and increased landscape costs, which landscape increases were driven by addition of landscape maintenance area. 2017 District capital expenditures were \$1,438,646 less than 2016.

Fund Balances: The year ending 2017 fund balance for all Governmental Activities of \$7,154,855 is an increase of \$5,084,013 from that in 2016 due to the \$5,409,943 proceeds from the Series 2017 bond, \$190,000 increase in mandatory principal payments in 2017, the \$173,487 increase in bond issue costs, the \$1,438,646 decrease in capital expenditures in 2017, and the increase in landscape maintenance costs incurred for the addition of landscape area in 2017.

2018 Expectations: In budget year 2018, the District will be focused on completing its obligations to the Building 22 & 23 and Station A projects, completion of Salida Street and E. 40th Avenue median modifications and landscaping, efficiently performing its on-going maintenance and repair obligations, and converting its roadway, bridge, pathway and monument sign lighting systems to LED luminaires. The District expects increased assessed valuation in 2018 due to new construction within the District boundaries.

SAFE HARBOR DISCLAIMER:

Statements in this report that are not historical are forward-looking statements subject to risk and uncertainties that could cause actual results to differ materially. Such risk and uncertainties include fluctuations in economies worldwide and within the District's markets, fluctuations in the District's customer's demands, changes in environmental and other governmental regulations, changes in terms from lenders, ability to retain key management and to reach agreement on intergovernmental agreements, changes in the District's ability to obtain capital for expansion, and changes in energy and water prices.

Sand Creek Metropolitan District
Statement of Net Position
December 31, 2017

	Governmental Activities
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 56,241
Investments:	
Unrestricted	1,533,193
Restricted	5,631,044
Prepaid Expense	12,058
Accounts Receivable	25,180
Prepaid Insurance	11,538
Property Taxes Receivable	5,821,335
Total Current Assets	13,090,589
Deferred Outflows of Resources	
Bond Insurance, Net of Amortization	44,109
Capital Assets Non-Depreciable:	
Infrastructure Assets	5,179,106
Construction Work in Progress	2,209,518
Capital Assets Depreciable:	
Infrastructure Assets	10,871,920
Accumulated Depreciation - Infrastructure	(7,363,780)
Leasehold Improvements, Net of Amortization	114,933
Total Capital Assets	11,011,697
Total Assets	24,146,395
Liabilities and Fund Balances:	
Current Liabilities:	
Accounts Payable	158,340
Interest Payable	220,481
Bond Payable, Due within One Year	2,320,000
Total Current Liabilities	2,698,821
Long-Term Liabilities:	
Bond Payable	62,355,000
Bond Premium, Net of Amortization	408,624
Total Liabilities	65,462,445
Deferred Inflows of Resources	
Deferred Property Taxes	5,777,394
Net Position:	
Net Investment in Capital Assets	(48,484,992)
Restricted Net Position	581,373
Unrestricted Net Position	810,175
Total Net Position	\$ (47,093,444)

Sand Creek Metropolitan District
Statement of Activities
For the Year Ended December 31, 2017

	<u>Program Revenues</u>		
	Expenses	Operating Contributions	Governmental Activities
Activities:			
Operating Expenses:			
Audit	\$ (7,136)	\$ -	\$ (7,136)
Legal	(13,840)	-	(13,840)
Management Fees	(56,649)	-	(56,649)
Insurance	(9,078)	-	(9,078)
County Treasurer Fees	(25,334)	-	(25,334)
Utilities	(273,668)	-	(273,668)
Office Lease Expense	(172,058)	-	(172,058)
Other	(21,465)	-	(21,465)
Property Tax Rebates	(8,615)	-	(8,615)
Capital Repairs	(173,074)	-	(173,074)
Landscape Maintenance	(614,880)	-	(614,880)
Depreciation Expense	(518,282)	-	(518,282)
Amortization Leasehold Improvement	(14,368)	-	(14,368)
	<u>(1,908,447)</u>	-	<u>(1,908,447)</u>
Debt Service:			
County Treasurer Fees	(58,054)		(58,054)
Bank Service Fees	(2,050)		(2,050)
Interest	(2,524,045)		(2,524,045)
Property Tax Rebates	(114,595)		(114,595)
Amortization - Bond Premium	1,318		1,318
Amortization - Bond Insurance Premium	(141)		(141)
	<u>(2,697,567)</u>	-	<u>(2,697,567)</u>
Capital Outlay:			
Management Fees	(61,233)		(61,233)
Other Contract Services	(29,359)		(29,359)
Landscape Maintenance	(52,438)		(52,438)
Bonds Issue Costs	(129,237)		(129,237)
Assets Transferred to Other Governments	(13,852)		(13,852)
	<u>(286,119)</u>	-	<u>(286,119)</u>
			-
Total Governmental Activities	\$ (4,892,133)	\$ -	(4,892,133)
General Revenues:			
Property Taxes			5,968,322
Specific Ownership Tax			553,201
Reimbursements			499,503
Office Sub-Lease Revenue			161,712
Interest			19,120
Total General Revenues			7,201,858
Change in Net Position			2,309,725
Net Position, Beginning of Year			(49,403,169)
Net Position, End of Year		\$	(47,093,444)

Sand Creek Metropolitan District
Balance Sheet - Governmental Funds
December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 56,241	\$ -	\$ -	\$ 56,241
Investments:				
Unrestricted	508,061	1,025,132	-	1,533,193
Restricted	-	508,274	5,122,770	5,631,044
Prepaid Expenses	12,058	-	-	12,058
Accounts Receivable	25,180	-	-	25,180
Prepaid Insurance	11,538	-	-	11,538
Property Taxes Receivable	1,324,783	4,496,552	-	5,821,335
Interfund Receivable (Payable)	350,015	(94,909)	(255,106)	-
Total Assets	2,287,876	5,935,049	4,867,664	13,090,589
Liabilities:				
Current Liabilities:				
Accounts Payable	48,880	10,000	99,460	158,340
Total Liabilities	48,880	10,000	99,460	158,340
Deferred Inflows of Resources:				
Deferred Property Taxes	1,311,419	4,465,975	-	5,777,394
Total Deferred Inflows of Resources	1,311,419	4,465,975	-	5,777,394
Fund Balance:				
Non-spendable	23,596	-	-	23,596
Restricted				
For TABOR	41,274	-	31,825	73,099
For Debt	-	508,274	-	508,274
Assigned				
For Debt	-	950,800	-	950,800
For Capital Outlay	-	-	4,736,379	4,736,379
Unassigned	862,707	-	-	862,707
Total Fund Balance	927,577	1,459,074	4,768,204	7,154,855
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,287,876	\$ 5,935,049	\$ 4,867,664	\$ 13,090,589

**Sand Creek Metropolitan District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2017**

Total Governmental Fund Balances \$ 7,154,855

Reconciliation to Statement of Net Position:

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

Infrastructure Assets	\$	16,051,026	
Work in Progress		2,209,518	
Less Accumulated Depreciation		(7,363,780)	
Leasehold Improvements		114,933	
		11,011,697	11,011,697

Deferred outflows of resources are not available to pay for current period expenditures and therefore are not reported in the funds.

Bond Insurance (net of amortization)	\$	44,109	
			44,109

Liabilities, including bonds payable and amounts for retirement of assets are not due in the current period and therefore are not reported in the funds

Bond Payable	\$	(64,675,000)	
Bond Interest Accrual		(220,481)	
Bond Premium, Net		(408,624)	
		(65,304,105)	(65,304,105)

Net Position Of Governmental Activities \$ (47,093,444)

Sand Creek Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Property Taxes	\$ 1,793,416	\$ 4,174,906	\$ -	\$ 5,968,322
Specific Ownership Taxes	167,587	385,614	-	553,201
Reimbursements	14,488	-	457,284	471,772
Contract Revenue	12,731	-	-	12,731
Office Sub-Lease Revenue	161,712	-	-	161,712
Miscellaneous	15,000	-	-	15,000
Interest	3,277	13,957	1,886	19,120
Total Revenues	2,168,211	4,574,477	459,170	7,201,858
Expenditures:				
Operating Expenditures:				
Audit	7,136	-	-	7,136
Legal	13,840	-	-	13,840
Management Fees	56,649	-	-	56,649
Insurance	9,078	-	-	9,078
County Treasurer Fees	25,334	-	-	25,334
Utilities	273,668	-	-	273,668
Office Lease Expense	172,058	-	-	172,058
Other	21,465	-	-	21,465
Property Tax Rebates	8,615	-	-	8,615
Capital Repairs	173,074	-	-	173,074
Landscape Maintenance	614,880	-	-	614,880
	1,375,797	-	-	1,375,797
Debt Service:				
County Treasurer Fees	-	58,054	-	58,054
Bank Service Fees	-	2,050	-	2,050
Principal	-	2,230,000	-	2,230,000
Interest Expense	-	2,512,980	-	2,512,980
Property Tax Rebates	-	114,595	-	114,595
	-	4,917,679	-	4,917,679
Capital Outlay:				
Management Fees	-	-	61,233	61,233
Other Contract Services	-	-	29,359	29,359
Landscape Maintenance	-	-	52,438	52,438
Construction Costs	-	-	917,795	917,795
	-	-	1,060,825	1,060,825
Total Expenditures	1,375,797	4,917,679	1,060,825	7,354,301
Excess (Deficiency) of Revenues Over (Under) Expenditures	792,414	(343,202)	(601,655)	(152,443)
Other Financing Sources (Uses):				
Bond Proceeds	-	-	5,409,943	5,409,943
Bond Issue Costs	-	-	(129,237)	(129,237)
Bond Insurance	-	-	(44,250)	(44,250)
Transfer from (to) Other Funds	(132,787)	-	132,787	-
Total Other Financing Sources (Uses)	(132,787)	-	5,369,243	5,236,456
Net Change in Fund Balances	659,627	(343,202)	4,767,588	5,084,013
Fund Balances, Beginning of Year	267,950	1,802,276	616	2,070,842
Fund Balances, End of Year	\$ 927,577	\$ 1,459,074	\$ 4,768,204	\$ 7,154,855

See Accompanying Notes to the Basic Financial Statements

Sand Creek Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 5,084,013

Amounts reported for governmental activities in the statement of activities are different due to the circumstances noted below:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital Outlay - Construction Costs	\$ 917,795	
Depreciation Expense	(518,282)	
Amortization Leasehold Improvement	(14,368)	
Assets Transferred to Other Governments	(13,852)	
	<u>371,293</u>	371,293

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

Principal	\$ 2,230,000	
Bond Proceeds	(5,409,943)	
Bond Interest Accrual	(11,065)	
Amortization - Bond Premium	1,318	
Amortization - Bond Insurance	(141)	
	<u>(3,189,831)</u>	(3,189,831)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Bond Insurance Premium	\$ 44,250	44,250
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Change In Net Position Of Governmental Activities \$ 2,309,725

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation, was organized by order of the District Court on November 20, 1995 initially as Gateway Park Metropolitan District, and as of February 14, 1996, the name was changed to Sand Creek Metropolitan District. It is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by the City of Aurora and subject to an intergovernmental agreement requiring prior City approval for inclusions or exclusions of property into or from the District, consolidation and the future dissolution of the District. The District's service area is located partially in Adams County and partially in the City and County of Denver. The District was established to provide financing for the construction and installation of streets, drainage structures, street safety controls, parks and recreation facilities, water, sewer and landscaping improvements, television relay, translation systems and mosquito control.

The District's service plan anticipates that the District will provide ongoing services only to the extent that the City & County of Denver and the City of Aurora do not provide such services. The District will not operate and maintain water, sanitary sewer or street safety facilities except through the creation of an intergovernmental agreement with the City and County of Denver and the City of Aurora. However, it is intended that the District supplement the services of these cities in the area of street maintenance, including supplemental street sweeping, snow plowing and minor repairs, landscape and open space installation and maintenance including park, streetscape and drainage facilities and has entered into a "Border Streets" agreement with both cities to do so. The District may construct, acquire or contract with these cities to install and maintain, the operation and maintenance of television relay and translation facilities internal and specific to the District, and the operation and maintenance of mosquito control services. The District may also provide continuing operation and maintenance of transportation facilities such as park and ride facilities and public parking lots, bus shelters and facilities or services related to bus service and light or heavy rail facilities transporting people and cargo.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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 contracts for all of its management and professional services (see Note 8).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. In accordance with the State Budget Law, 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 annual fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements and after a public hearing. The budget includes each fund on its basis of accounting unless otherwise indicated.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Governmental capital assets typically result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during each budget year. The District maintains a capitalization threshold of five thousand dollars. Improvements to capital assets are capitalized if they exceed the capitalization threshold and have a life of a year or more. The costs of normal maintenance and repairs are expensed. All reported capital assets are depreciated except for land, landscape, lakes and construction in progress. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Class Life (Depreciable Years)</u>
Municipal Sewer	20 Years
Sidewalks	15 Years
Roads (Surface Improvements Only)	15 Years
Bridges & Monuments	15 Years
Boardwalks	15 Years
Fencing	15 Years
Land Improvements	10 Years
Equipment	7 Years

The District does not depreciate its landscape or lake assets because it has an annual maintenance program for care and replacement under which costs are expensed. The District does not have potable water systems.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts. Actual results could differ from these estimates.

Fund Balance

GASB issued Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions* effective for reporting periods after June 15, 2010. The statement established fund balance classifications, provided for a hierarchy of spending constraints for spendable resources and required disclosure for non-spendable and spendable resources. In the fund financial statements, the District classifies governmental fund balances as follows:

- **Non-spendable** – Includes fund balance amounts that cannot be spent, either because they are not in spendable form or because of legal or contractual constraints.
- **Restricted** – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- **Committed** – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (i.e. the Board) and does not lapse at year-end. The Board is responsible for establishing, modifying, or rescinding the commitment.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Assigned** – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Board authorized management to assign amounts related to a specific purpose.
- **Unassigned** – Includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net position represents the differences between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent proceeds, they are not included in the calculation of net investment in capital assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed through constitution provisions or enabling legislation. All other assets are unrestricted.
- **Unrestricted** – This component of net position consists of all other categories of net position.

When an expense is incurred for purposes which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Interfund Activity

On the fund financial statements, receivables and payables resulting from transfers of cash between funds for purposes of providing the debt fund with sufficient cash for debt service are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

Interfund transfers are reported as other financing sources (uses) in the governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers between funds reported in the governmental activities column are eliminated.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers to / from Other Funds

Transfers are used to move unrestricted revenues collected in the General Fund to finance various activities accounted for in other funds.

Pooled Cash

The District typically pools cash and investments of all funds to maximize investment earnings unless funds or investments are required to be segregated by covenant. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash pool.

NOTE 3 – BASIS OF PRESENTATION

The District's basic financial statements consist of government-wide statements, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

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. The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole.

The statement of net position presents the financial position of the primary government activities of the District at year-end. The statement of activities presents a comparison between direct expenses and revenues of the District's primary governmental function. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the primary government expenses offset by revenues directly connected with that activity. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Primary government revenues are comprised of general fund and debt service fund property tax revenue, interest income, reimbursements, and intergovernmental agreement income. These revenues are subject to restrictions on use imposed by bond covenants, contract obligations and applicable statutes and regulations.

Fund Financial Statements

During the year, the District segregates transactions related to activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a detailed level. Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 – BASIS OF PRESENTATION (CONTINUED)

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District uses only three governmental funds. Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the fund from which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets plus deferred outflows and liabilities plus deferred inflows as fund balance. The following are the District's three major governmental funds:

- **General Fund** – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is appropriated and is expended or transferred according to the general laws of Colorado.
- **Debt Fund** - The Debt fund accounts for all property tax income derived from the District's debt service mill levy and bond revenue. It accounts for capitalized interest and debt service reserves. Expenditures in the Debt fund are limited to bond principal and interest payments, payment of service fees related to property tax collections, bond issuance expenses, property tax rebates, and inter-fund transfers to primarily the capital projects fund.
- **Capital Projects Fund** - The Capital Projects fund accounts for capital expansion and building projects planned for the years reported and ensuing years. Revenue to the fund is typically derived from issuance of tax-exempt bonds and from reimbursement income.

NOTE 4 – BASIS OF ACCOUNTING

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 – BASIS OF ACCOUNTING (CONTINUED)

Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the supplementary information in order to provide an understanding of the changes in the financial position and operations of these funds.

Revenues – Non-Exchange Transactions

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, and specific ownership taxes. On an accrual basis, revenue from property taxes and specific ownership taxes is recognized in the fiscal year for which the taxes are levied. On a modified accrual basis, revenue from non-exchange transactions also must be available. (i.e., collected within 60 days) before it can be recognized. Under the modified accrual basis, property taxes, specific ownership taxes, and interest are accrued. Property taxes are recorded initially as deferred inflows or resources in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected.

The District's Board of Directors sets the District's mill levy by December 15 of each calendar year. The mill levy combined with the assessed valuations of all property within the District, as established by the County Assessors, allows the District to estimate its annual property tax revenue. The County Treasurers collect the determined taxes during the ensuing calendar year. The taxes are payable annually by April 30, or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are normally held in November or December. The County Treasurers remit the taxes collected monthly to the District net of collection fees. Abatements or credits are recorded in the year when notified by the Counties.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred are fully paid when due from current financial resources are reported as obligations of these funds.

Bond Premiums, Discounts and Issuance Costs

On the statement of net position, bond premiums and discounts are netted against bonds payable and amortized. At the government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 – CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to form a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is maintained by another institution or held in trust.

The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Regulatory Commissions for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of uninsured deposits and assets maintained in the collateral pools. At December 31, 2017, the District’s cash deposits had a bank balance and carrying balance as follows:

Description	Carrying Balance	Bank Balance
Insured deposits	\$ 56,241	\$ 302,722

Investments

As of December 31, 2017, the District had invested \$7,164,237 in the Colorado Business Bank Business Premium Money Market Funds. Included in the District’s investments are debt service reserve funds which are restricted cash in the amount of \$508,274 and capital projects funds which are restricted cash in the amount of \$5,122,770. The District’s investments are covered by PDPA. The interest rates earned on these accounts are indexed on the published bank rate for U.S. high yield money market rates plus twenty-five basis points and are adjusted on a quarterly basis. The SEC filings and the annual reports of Colorado Business Bank can be obtained at www.cobizbank.com.

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized costs

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The District follows investment guidelines outlined in Colorado statutes to provide the basis for management of a prudent investment program appropriate to the particular fund type.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Fixed-income securities are subject to credit risk, which is the risk that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies such as Moody's Investors Service or Standard and Poor's.

The lower the rating, the greater the chance that the bond issuer will default or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk. The District has minimal exposure to credit risk as the District invested in securities that were issued or guaranteed by the U.S. Treasury.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk for deposits and investments is the risk that in the event of the failure of the custodian, the District may not be able to recover the value of investment securities that are in possession of an outside party. The District has minimal exposure to custodial credit risk as the District's investments at Colorado Business Bank are collateralized by agency securities (GNMA, FNMA, FHLMC, and FHLF) that have been pledged to the Colorado Division of Banking and are held in escrow.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, and other pooled investments are excluded from this review. Investments in various investment pools managed by the Treasurer of The Regents are external investment pools and are not subject to concentration of credit risk. There is no concentration of any single individual issuer of equity or non-U.S. government fixed income securities that comprise more than five percent of total investments. The District has no exposure to concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a long time to maturity tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter maturities. The District has no exposure to interest rate risk.

Foreign Currency Risk

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. The District has no exposure to foreign currency risk.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 – CAPITAL ASSETS

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

Description	12/31/16	Additions	Capitalized Assets	Transfers	12/31/17
Water Wells	\$ 181,049	\$ -	\$ -	\$ -	\$ 181,049
Streets/Drainage	9,950,480	-	703,392	-	10,653,872
Open Space	5,216,105	-	-	-	5,216,105
Construction in Process	2,008,970	917,792	(703,392)	(13,852)	2,209,518
Leasehold Improvements	143,667	-	-	-	143,667
Total Capital Assets	17,500,271	917,792	-	(13,852)	18,404,211
Accumulated Depreciation	(6,859,866)	(532,648)	-	-	(7,392,514)
Total Capital Assets					
Net of Accumulated Depreciation	\$ 10,640,405	\$ 385,144	\$ -	\$ (13,852)	\$ 11,011,697

Transfers

Water, sewer and street improvements that are dedicated to the City of Aurora, City and County of Denver, Xcel, the Urban Drainage, or other entities for perpetual maintenance and ownership are removed from the capital assets at the end of their warranty period. The District has dedicated assets with a cost of \$13,852 to the Cities for the year ended December 31, 2017. The District has in the past and may in the future enter into agreements with the City of Aurora and the City and County of Denver for the District to perform ongoing maintenance of certain landscaping and streets.

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations for the year ended December 31, 2017 were as follows:

G.O. Tax Bonds	12/31/16	Additions	Deletions	12/31/17	Current
Series 2010AB	\$ 27,925,000	\$ -	(395,000)	\$ 27,530,000	\$ 1,845,000
Series 2012AB	9,570,000	-	(40,000)	9,530,000	40,000
Series 2013AB	7,470,000	-	(510,000)	6,960,000	30,000
Series 2014AB	7,945,000	-	(915,000)	7,030,000	30,000
Series 2015AB	8,995,000	-	(370,000)	8,625,000	375,000
Series 2017	-	5,000,000	-	5,000,000	-
Total	\$ 61,905,000	\$ 5,000,000	\$ (2,230,000)	\$ 64,675,000	\$ 2,320,000

\$18,200,000 General Obligation Limited Tax Refunding Bonds, Series 2010A

\$10,845,000 General Obligation Limited Tax Refunding Bonds, Series 2010B, dated September 23, 2010. The bonds mature, bear per annum interest, and are priced as shown below. Interest is payable semiannually on June 1 and December 1. To the extent interest is not paid when due, such interest compounds semiannually. The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. The Bonds mature, bear per annum interest and are priced or priced to yield as follows:

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

Series 2010A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2014	\$ 360,000	3.000%	2020	\$ 1,965,000	3.500%
2015	375,000	3.000%	2021	2,030,000	3.750%
2016	385,000	3.000%	2022	2,110,000	3.750%
2017	395,000	3.000%	2023	2,190,000	4.250%
2018	1,845,000	3.000%	2024	2,280,000	4.000%
2019	1,900,000	3.375%	2025	2,365,000	4.125%

Series 2010B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2026	\$ 515,000	4.250%	2030	\$ 1,205,000	4.500%
2027	540,000	4.375%	2035	3,540,000	4.750%
2028	565,000	4.500%	2040	4,480,000	5.000%

\$5,545,000 General Obligation Limited Tax Refunding Bonds, Series 2012A

\$4,190,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2012B, dated June 28, 2012. The bonds mature, bear per annum interest, and are priced as shown below. Interest is payable semiannually on June 1 and December 1. To the extent interest is not paid when due, such interest compounds semiannually. The bonds maturing on or before December 1, 2022 are not subject to redemption prior to their respective maturity dates. The bonds maturing on and after December 1, 2023 are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, on December 1, 2022 or on any date thereafter, at a redemption price equal to the par amount thereof (with no redemption premium) plus accrued interest to the redemption date. The bonds require mandatory sinking fund payments from 2012 through 2039.

Series 2012A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2012	\$ 20,000	2.000%	2017	\$ 30,000	2.000%
2013	25,000	2.000%	2026	1,475,000	3.750%
2014	25,000	2.000%	2027	1,255,000	4.000%
2015	25,000	2.000%	2028	1,300,000	4.000%
2016	30,000	2.000%	2029	1,360,000	4.000%

Series 2012B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2014	\$ 20,000	1.250%	2027	\$ 745,000	4.000%
2017	30,000	1.800%	2040	2,600,000	4.375%
2026	795,000	3.750%			

A portion of the net proceeds of the Series 2012A bonds were used by the District to advance refund a portion of the District's Series 2003 bonds. The Series 2003 bonds were issued in the original aggregate principal amount of \$15,000,000 and prior to the refunding date were outstanding in the principal amount of \$14,140,000.

The advance refunding is to include a portion of the Series 2003 bonds maturing December 1, 2027 and December 1, 2031, and outstanding in the aggregate principal amount of \$6,080,000 (the "Series 2003 Refunded bonds"). The Series 2003 Refunded bonds bear interest rates ranging from 5.000% to 5.375% per annum.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

A portion of the net proceeds of the Series 2012B bonds will be used by the District to advance refund a portion of the District's Series 2004 bonds. The Series 2004 bonds were issued in the original aggregate principal amount of \$14,815,000 and prior to the refunding date were outstanding in the principal amount of \$12,000,000. The advance refunding is to include a portion of the Series 2004 bonds maturing on December 1, 2027 outstanding in the aggregate principal amount of \$435,000 (the "Series 2004 Refunded bonds"). The Series 2004 Refunded bonds bear interest rates of 5.000% per annum.

Upon issuance of the bonds, a portion of the net proceeds of the bonds were deposited into the escrow account created pursuant to the escrow agreement between the District and U.S. Bank National Association, Denver, Colorado, as escrow agent. The moneys in the escrow account were used to acquire direct, non-callable obligations of, or obligations of the principal of and interest on which are unconditionally guaranteed by the U.S. government obligations, the maturing principal of and interest on which when due, together with cash held in the escrow account were sufficient to pay the accrued interest, maturing principal, and redemption price on the Refunded bonds on December 1, 2012.

Although the advance refunding of the Series 2003 and Series 2004 bonds resulted in the recognition of an refunding loss of \$306,295 for the year ended December 31, 2012, the District in effect reduced its aggregate debt service by \$510,021 over the next 18 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$331,612.

\$3,375,000 General Obligation Limited Tax Refunding Bonds, Series 2013A

\$5,345,000 General Obligation Limited Tax Refunding Bonds, Series 2013B, dated February 27, 2013. The bonds mature, bear per annum interest, and are priced as shown below. Interest is payable semiannually on June 1 and December 1. To the extent interest is not paid when due, such interest compounds semiannually. The bonds maturing on or before December 1, 2022 are not subject to redemption prior to their respective maturity dates. The bonds maturing on and after December 1, 2023 are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, on December 1, 2022 or on any date thereafter, at a redemption price equal to the par amount thereof (with no redemption premium) plus accrued interest to the redemption date. The bonds require mandatory sinking fund payments from 2013 through 2031.

Series 2013A

Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2013	\$ 35,000	2.000%	2029	\$ 15,000	3.125%
2014	45,000	2.000%	2030	1,420,000	4.000%
2015	40,000	3.000%	2031	1,785,000	4.000%
2016	35,000	3.000%			

Series 2013B

Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2013	\$ 75,000	2.000%	2027	\$ 290,000	3.000%
2014	50,000	2.000%	2028	790,000	3.000%
2015	480,000	3.000%	2029	810,000	3,125%
2016	490,000	3.000%	2030	845,000	4.000%
2017	510,000	3.000%	2031	1,005,000	4.000%

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

A portion of the net proceeds of the Bonds were used by the District to advance refund a portion of the District's Series 2003 Bonds. The Series 2003 Bonds were issued in the original aggregate amount of \$15,000,000 and prior to the refunding date were outstanding in the principal amount of \$7,970,000. The advance refunding is to include a portion of the Series 2003 Bonds maturing years 2014 to 2016, inclusive, and maturing in year 2031, in the aggregate principal amount of \$5,870,000 (the "Series 2003 Refunded Bonds"). The Series 2003 Refunded Bonds bear interest at rates ranging from 4.100% to 5.000% per annum.

A portion of the net proceeds of the Series 2013B Bonds were used by the District to advance refund a portion of the District's Series 2004 Bonds. The Series 2004 Bonds were issued in the original aggregate amount of \$14,815,000 and prior to the refunding date were outstanding in the principal amount of \$10,535,000. The advance refunding is to include a portion of the Series 2004 Bonds maturing years 2015 to 2017, inclusive, and maturing in years 2027 and 2031, in the aggregate principal amount of \$2,600,000 (the "Series 2004 Refunded Bonds"). The Series 2004 Refunded Bonds bear interest at rates ranging from 4.000% to 5.000% per annum.

Although the advance refunding of the Series 2003 and Series 2004 bonds resulted in the recognition of a refunding loss of \$144,572 for the year ended December 31, 2013, the District in effect reduced its aggregate debt service by \$1,369,101 over the next 18 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$1,031,665.

\$5,985,000 General Obligation Limited Tax Refunding Bonds, Series 2014A

\$3,320,000 General Obligation Limited Tax Improvement Bonds, Series 2014B dated March 5, 2014. The bonds mature, bear per annum interest, and are priced as shown below. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2014. The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. The Bonds mature, bear per annum interest and are priced or priced to yield as follows:

Series 2014A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2015	\$ 670,000	2.000%	2024	\$ 170,000	4.000%
2016	690,000	2.000%	2025	180,000	4.000%
2017	915,000	3.000%	2026	670,000	5.000%
2018	30,000	3.000%	2027	700,000	5.000%
2019	30,000	3.000%	2028	305,000	5.000%
2020	85,000	3.000%	2029	320,000	5.000%
2021	155,000	4.000%	2030	335,000	5.000%
2022	155,000	4.000%	2031	410,000	5.000%
2023	165,000	4.000%			

Series 2014B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2032	\$ 300,000	5.000%	2034	\$ 330,000	5.000%
2033	315,000	5.000%	2040	2,375,000	5.000%

A portion of the net proceeds of the Series 2014A Bonds were used to pay and cancel the District's Series 2003 Bonds. The Series 2003 Bonds were issued in the original aggregate principal amount of \$15,000,000 and prior to the refunding date were outstanding in the principal amount of \$2,020,000. The refunding is to include all of the outstanding Series 2003 Bonds. The Series 2003 Refunded Bonds bear interest rates ranging from 4.100% to 5.375% per annum.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

A portion of the net proceeds of the Series 2014A Bonds were used to pay and cancel a portion of the District's Series 2004 Bonds. The Series 2004 Bonds were issued in the original aggregate principal amount of \$14,815,000 and prior to the refunding date were outstanding in the principal amount of \$6,840,000. The refunding is to include a portion of the Series 2004 Bonds maturing years 2014 to 2027, inclusive, in the aggregate principal amount of \$4,180,000. The Series 2004 Refunded Bonds bear interest at the rate of 5.000% per annum.

The advance refunding of the Series 2003 and Series 2004 bonds resulted in the recognition of a refunding gain of \$192,809 for the year ended December 31, 2014. The District in effect reduced its aggregate debt service by \$412,062 over the next 27 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$503,758.

\$1,765,000 General Obligation Limited Tax Refunding Bonds, Series 2015A

\$7,290,000 General Obligation Limited Tax Refunding Bonds, Series 2015B dated December 15, 2015. The bonds mature, bear per annum interest, and are priced as shown below. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2016. The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. The Bonds mature, bear per annum interest and are priced or priced to yield as follows:

Series 2015A					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2028	\$ 415,000	4.000%	2030	\$ 450,000	4.000%
2029	430,000	4.000%	2031	470,000	4.000%
Series 2015B					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2016	\$ 60,000	2.000%	2024	\$ 450,000	4.000%
2017	370,000	2.000%	2025	470,000	4.000%
2018	375,000	2.000%	2026	485,000	4.000%
2019	380,000	3.000%	2027	505,000	4.000%
2020	390,000	3.000%	2028	525,000	4.000%
2021	405,000	3.000%	2029	550,000	4.000%
2022	420,000	3.000%	2030	570,000	4.000%
2023	430,000	4.000%	2031	905,000	4.000%

A portion of the net proceeds of the Series 2015A Bonds were used to pay and cancel the District's Series 2004 Bonds. The Series 2004 Bonds were issued in the original aggregate principal amount of \$14,815,000 and prior to the refunding date were outstanding in the principal amount of \$1,870,000. The refunding is to include all of the outstanding Series 2004 Bonds. The Series 2004 Refunded Bonds bear interest at the rate of 4.500% per annum.

A portion of the net proceeds of the Series 2015B Bonds were used to pay and cancel a portion of the District's Series 2006 Bonds. The Series 2006 Bonds were issued in the original aggregate principal amount of \$9,000,000 and prior to the refunding date were outstanding in the principal amount of \$8,380,000. The refunding is to include a portion of the Series 2006 Bonds maturing years 2017 to 2031, inclusive, in the aggregate principal amount of \$7,715,000. The Series 2006 Refunded Bonds bear interest rates ranging from 4.250% to 4.625% per annum.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

The advance refunding of the Series 2004 and Series 2006 bonds resulted in the recognition of a refunding gain of \$162,988 for the year ended December 31, 2015. The District in effect reduced its aggregate debt service by \$1,559,602 over the next 16 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of \$1,231,003.

\$5,000,000 General Obligation Limited Tax Bonds, Series 2017, dated November 15, 2017. The bonds, which are rated and insured, consist of \$5,000,000 of term bonds due December 1, 2032 through 2040 which bear interest of 4.0%. Interest is payable semiannually on June 1 and December 1. To the extent interest is not paid when due, such interest compounds semiannually. The bonds are subject to redemption prior to maturity, on December 1, 2027, and on any date thereafter, without redemption premium. The bonds require mandatory sinking fund payments from 2032 through 2040.

Series 2017					
Maturity Date (December 1)	Principal Amount	Interest Rate	Maturity Date (December 1)	Principal Amount	Interest Rate
2032	\$ 475,000	4.000%	2037	\$ 575,000	4.000%
2033	490,000	4.000%	2038	595,000	4.000%
2034	510,000	4.000%	2039	620,000	4.000%
2035	530,000	4.000%	2040	650,000	4.000%
2036	555,000	4.000%			

Outstanding Issued Bonds

Total bond principal and interest mature as follows:

Year(s)	Principal	Interest	Total
2018	\$ 2,320,000	\$ 2,647,978	\$ 4,967,978
2019	2,385,000	2,584,050	4,969,050
2020	2,515,000	2,505,075	5,020,075
2021	2,665,000	2,419,500	5,084,500
2022	2,765,000	2,322,475	5,087,475
2023 – 2027	16,305,000	9,874,013	26,179,013
2028 – 2032	19,115,000	6,082,106	25,197,106
2033 – 2037	9,665,000	2,984,088	12,649,088
2038 – 2040	6,940,000	654,244	7,594,244
Total	\$ 64,675,000	\$ 32,073,528	\$ 96,748,528

Service Plan Debt Limit

The Service Plan, as amended on November 22, 2004, imposes a separate debt limitation of \$70,000,000 upon the District (excluding costs associated with refundings). After issuance of the Series 2017 Bonds, the District will be entitled under the Service Plan to issue \$5,325,000 of additional debt, subject to other restrictions contained in the Service Plan. These restrictions are based upon the ratio of debt to assessed value of the District. The District may, however, amend these restrictions by obtaining an amendment to the Service Plan through the City of Aurora, which historically the District has done.

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue - All District Bond Issues

All of the District bonds are secured by Pledged Revenue, which consists of moneys derived by the District from the following sources, after payment of the costs of collection: (a) the District’s covenant to levy up to the limited mill levy on all taxable property which is within the District or otherwise responsible for the payment of the bonds to pay the principal of, premium if any, and interest on the bonds, as they become due; (b) the Specific Ownership Tax; and (c) any other legally available funds of the District deposited into the bond account.

Outstanding and Authorized but Unissued Debt

The principal amount of authorization remaining after the Series 2017 Bond Election:

Authorized Purposes	Authorization Remaining
Various Capital Improvements	\$ 178,268,960
Refunding	172,379,040
Total	\$ 350,648,000

NOTE 8 – THE DEVELOPER / RELATED PARTY

The Developer of the property within the District is Gateway Business Park, LLC (the Developer). The Board of Directors of the District are owners or consultants associated with the Developer, and may have conflicts of interest in dealing with the District as well as ownership of other entities related to the development of the project.

The District has contracted with a related entity of the Developer, PaulsCorp, LLC, for management, administrative and clerical services. During 2017, the District incurred management expenditures related to PaulsCorp, LLC in the amount of \$134,870, which includes \$68,585 of construction management services recorded in the Capital Projects Fund and \$9,636 of bond issuance services recorded in the Debt Fund. At December 31, 2017, the District owed PaulsCorp, LLC. \$8,624. This amount is included in the District payables.

NOTE 9 – REIMBURSEMENTS

The District assumed the Developer’s cost sharing agreements with the City of Aurora for public improvements related to streets and utility improvements for portions of 40th Avenue, 38th Avenue and Tower Road, which are subject to an annexation agreement of land within the District into the City of Aurora.

The District has ongoing cost sharing and reimbursement agreements with the City of Aurora and other entities within and without the District for both maintenance and capital construction projects, reimbursements, and liens on various properties in the District. During 2017, the District was reimbursed \$457,284 under such agreements.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - 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 one of approximately 360 special districts, which are members of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by an intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. The Pool provides for liability coverage for claims up to \$1,000,000. Employment related wrongful termination claims are shared 50% with the Pool up to \$200,000. Workers' compensation claims are covered up to statutory limits with claims related to employer's liability up to \$2,000,000. Settled claims have not exceeded this coverage in any of the last three fiscal years.

The District pays annual premiums to the Pool for liability and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from insurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds, which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

NOTE 11 – LEASE AGREEMENTS

Office Lease

The District entered into a lease agreement with Gateway Industrial Fifteen, LLC on December 24, 2015 for 22,433 square feet of office space in Aurora, CO ("Leased Premises"). It is a ten year lease commencing on January 1, 2016. The rental payments due in each of the subsequent five years and in five year increments thereafter are as follows.

<u>Year(s)</u>	<u>Rental Payment</u>
2018	\$ 83,226
2019	85,694
2020	88,386
2021	91,078
2022	93,770
2023 – 2025	298,359
Total	\$ 740,513

**SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 11 – LEASE AGREEMENTS (CONTINUED)

Sublease Agreements

The District entered into a sublease agreement on December 29, 2015 for 18,832 square feet of the Leased Premises. The sublease is for ten years commencing on January 1, 2016. The rental payments include an amortization of a portion of the leasehold improvements subject to an annual interest rate of 4% per year for the term of the lease.

The District entered into a sublease agreement with PaulsCorp, LLC (related party) on December 29, 2015 for 1,800 square feet of the Leased Premises. The sublease is for ten years commencing on January 1, 2016. The rental payments include an amortization of a portion of the leasehold improvements subject to an annual interest rate of 4% per year for the term of the lease.

The minimum sublease rental payments due in each of the subsequent five years and in five year increments thereafter are as follows.

Year(s)	Greenways Landscape Services	PaulsCorp	Sublease Rental Payment
2018	\$ 77,472	\$ 11,633	\$ 89,105
2019	79,543	11,831	91,374
2020	81,803	12,047	93,850
2021	84,063	12,263	96,326
2022	86,323	12,479	98,802
2023 – 2025	273,281	38,805	312,086
Total	\$ 682,485	\$ 99,058	\$ 781,543

NOTE 12 - 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 that apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

By election on November 7, 2000, the voters approved an exemption from the above tax, revenue and spending limitations in 2000 and annually thereafter through and including 2028. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bond debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. For the year ended December 31, 2017, the District calculated the reserve as 3% of total expenditures in the General Fund and the Capital Projects Fund and restricted this amount to comply with 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.

SAND CREEK METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 – DEFICIT NET POSITION

The \$(48,484,992) amount referred to as “Net Investment in Capital Assets” shown in the “Statement of Net Position” is the result of the District constructing various potable water, re-use water, sanitary sewer, storm sewer, drainage and roadway improvements and the subsequent transfer of these assets to the City and County of Denver, City of Aurora and other third party entities.

These transfers were made in conformance with the District’s Service Plan, Intergovernmental Agreements between the District and the Cities, and with the Cities’ Public Improvement policies. The effect of these transfers is to place the responsibility for long-term maintenance, operation, repair and replacement of these assets with the governmental entities which most cost effectively perform these duties thereby reducing the District obligations for the same, while still providing to District taxpayers full use of the transferred facilities.

Since debt was issued to construct the above infrastructure items, the subsequent transfer of these assets to the governmental entities has resulted in the stated balance of \$(48,484,992). The District’s remaining Infrastructure Assets are made up primarily of right-of-way landscaping, lakes entry monument and miscellaneous private drives and utilities.

REQUIRED SUPPLEMENTAL INFORMATION

Sand Creek Metropolitan District

Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances

With Comparative Actual Totals for the Year Ended December 31, 2016

Budget vs. Actual - General Fund

For the Year Ended December 31, 2017

	Actual 2016	Original & Final Budget 2017	Actual 2017	Variance- Favorable (Unfavorable)
Revenues:				
Property Taxes	\$ 945,703	\$ 1,811,137	\$ 1,793,416	\$ (17,721)
Specific Ownership Taxes	75,813	108,668	167,587	58,919
Reimbursements	211,646	884,000	14,488	(869,512)
Contract Revenue	12,731	12,731	12,731	-
Office Sub-Lease Revenue	144,057	143,771	161,712	17,941
Miscellaneous	-	6,500	15,000	8,500
Interest	5,700	1,500	3,277	1,777
Total Revenues	1,395,650	2,968,307	2,168,211	(800,096)
Expenditures:				
Operating Expenditures:				
Audit	6,952	7,200	7,136	64
Legal	17,307	14,000	13,840	160
Management Fees	59,933	50,000	56,649	(6,649)
Insurance	8,010	10,000	9,078	922
County Treasurer Fees	13,339	26,000	25,334	666
Utilities	291,969	295,000	273,668	21,332
Office Lease Improvement	5,165	-	-	-
Office Lease Expense	149,164	170,288	172,058	(1,770)
Other	21,358	20,550	21,465	(915)
Property Tax Rebates	4,149	73,544	8,615	64,929
Capital Repairs	-	180,500	173,074	7,426
Landscape Maintenance	594,822	560,145	614,880	(54,735)
Total Expenditures	1,172,168	1,407,227	1,375,797	31,430
Excess of Revenues Over Expenditures	223,482	1,561,080	792,414	(768,666)
Other Financing Uses:				
Transfer from (to) Other Funds	(1,183,000)	(1,482,000)	(132,787)	1,349,213
Total Other Financing Uses	(1,183,000)	(1,482,000)	(132,787)	1,349,213
Net Changes in Fund Balances	(959,518)	79,080	659,627	580,547
Fund Balances, Beginning of Year	1,227,468	1,382,205	267,950	(1,114,255)
Fund Balances, End of Year	\$ 267,950	\$ 1,461,285	\$ 927,577	\$ (533,708)

Note to RSI:

The basis of budgeting is the same as GAAP and this schedule is presented on the GAAP basis.

SUPPLEMENTAL INFORMATION

Sand Creek Metropolitan District

Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances

With Comparative Actual Totals for the Year Ended December 31, 2016

Budget vs. Actual - Debt Fund

For the Year Ended December 31, 2017

	Actual 2016	Original & Final Budget 2017	Actual 2017	Variance- Favorable (Unfavorable)
Revenues:				
Property Taxes	\$ 5,052,522	\$ 4,213,904	\$ 4,174,906	\$ (38,998)
Specific Ownership Taxes	401,691	252,834	385,614	132,780
Interest	13,559	10,000	13,957	3,957
Total Revenues	5,467,772	4,476,738	4,574,477	97,739
Expenditures:				
Debt Service:				
County Treasurer Fees	70,290	60,400	58,054	2,346
Bank Service Fees	2,397	3,000	2,050	950
Principal	2,040,000	2,230,000	2,230,000	-
Management Fees	-	6,000	-	6,000
Interest Expense	2,545,790	2,635,482	2,512,980	122,502
Property Tax Rebates	171,967	138,509	114,595	23,914
Total Expenditures	4,830,444	5,073,391	4,917,679	155,712
Excess (Deficiency) of Revenues Over (Under) Expenditures	637,328	(596,653)	(343,202)	253,451
Other Financing Sources (Uses):				
Bond Issue Costs	-	(75,000)	-	75,000
Transfer from (to) Other Funds	(353,772)	75,000	-	(75,000)
Total Other Financing Sources (Uses)	(353,772)	-	-	-
Net Changes in Fund Balances	283,556	(596,653)	(343,202)	253,451
Fund Balances, Beginning of Year	1,518,720	2,687,892	1,802,276	(885,616)
Fund Balances, End of Year	\$ 1,802,276	\$ 2,091,239	\$ 1,459,074	\$ (632,165)

Sand Creek Metropolitan District

Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances

With Comparative Actual Totals for the Year Ended December 31, 2016

Budget vs. Actual - Capital Projects Fund

For the Year Ended December 31, 2017

	Actual 2016	Original & Final Budget 2017	Actual 2017	Variance- Favorable (Unfavorable)
Revenues:				
Reimbursements	\$ -	\$ -	\$ 457,284	\$ 457,284
Interest	1,472	5,000	1,886	(3,114)
Total Revenues	1,472	5,000	459,170	454,170
Expenditures:				
Capital Outlay:				
Management Fees	136,533	48,350	61,233	(12,883)
Other Contract Services	61,831	96,800	29,359	67,441
Landscape Maintenance	42,277	10,780	52,438	(41,658)
Construction Costs	2,258,830	2,417,500	917,795	1,499,705
Total Expenditures	2,499,471	2,573,430	1,060,825	1,512,605
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,497,999)	(2,568,430)	(601,655)	1,966,775
Other Financing Sources (Uses):				
Bond Proceeds	-	1,750,000	5,409,943	3,659,943
Bond Issue Costs	-	-	(129,237)	(129,237)
Bond Insurance	-	-	(44,250)	(44,250)
Transfer from (to) Other Funds	1,536,772	1,407,000	132,787	(1,274,213)
Total Other Financing Sources	1,536,772	3,157,000	5,369,243	2,212,243
Net Changes in Fund Balances	(961,227)	588,570	4,767,588	4,179,018
Fund Balances, Beginning of Year	961,843	246,727	616	(246,111)
Fund Balances, End of Year	\$ 616	\$ 835,297	\$ 4,768,204	\$ 3,932,907