

New Windsor Metropolitan District

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

December 31, 2017



RECEIVED

Office of the State Auditor

February 27, 2018

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REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors
New Windsor Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental funds of the New Windsor Metropolitan District (the "District"), as of and for the year ended December 31, 2017, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America as established by the *American Institute of Certified Public Accountants* ("US GAAS").

We conducted our audit in accordance with US GAAS. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether these financial statements are free of material misstatement.

An audit includes 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 on the Financial Statements

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 governmental funds of the New Windsor Metropolitan District, as of December 31, 2017, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted with the purpose of forming an opinion on the basic financial statements of the New Windsor Metropolitan District taken as a whole. The supplementary information on page 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to our auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Board of Directors has omitted the Management's Discussion and Analysis information 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 part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the 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.

Marc James & Associates PC

Highlands Ranch, CO
February 16, 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS

New Windsor Metropolitan District

STATEMENT OF NET POSITION

December 31, 2017

ASSETS

Current assets

| | |
|------------------------------|----------------|
| Cash and cash equivalents | \$ 190,828 |
| Irrigation water receivables | 9,424 |
| Other receivables | 6,592 |
| Prepaid expenses | 3,510 |
| Property taxes receivable | <u>211,382</u> |

Total current assets 421,736

Noncurrent assets

Capital assets

| | |
|--------------------------|--------------------|
| Non-depreciable | 421,915 |
| Depreciable | 1,814,917 |
| Accumulated depreciation | <u>(1,381,065)</u> |

Net capital assets 855,767

Discount on bonds, net of accumulated amortization of \$1,176 4,667

Total noncurrent assets 860,434

Total assets 1,282,170

LIABILITIES

Current liabilities

| | |
|---------------------|--------------|
| Accounts payable | 22,322 |
| Accrued liabilities | <u>5,420</u> |

Total current liabilities 27,742

Bonds payable

| | |
|---------------------|----------------|
| Due in one year | 25,000 |
| Due beyond one year | <u>905,000</u> |

Total bonds payable 930,000

Total liabilities 957,742

DEFERRED INFLOWS OF RESOURCES

Property taxes 211,382

NET POSITION

| | |
|--------------|----------------|
| Restricted | 7,600 |
| Unrestricted | <u>105,446</u> |

Total net position \$ 113,046

The accompanying notes are an integral part of these financial statements

New Windsor Metropolitan District

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

| | |
|--------------------------------------|--------------------------|
| Operating expenses | |
| Accounting and audit | \$ 6,750 |
| District management fees | 42,000 |
| Landscaping | 53,346 |
| Water rights and assessments | 460 |
| Repairs and maintenance | 47,286 |
| Legal | 1,691 |
| Dues and subscriptions | 438 |
| Directors' fees | 4,700 |
| Design review | 4,250 |
| Utilities and line locates | 13,355 |
| Insurance | 3,484 |
| Treasurer's fees | 3,017 |
| Office | 4,690 |
| Pay agent fee | 250 |
| Snow removal | 5,108 |
| Interest | 54,118 |
| Amortization of bond discount | 125 |
| Depreciation | <u>41,847</u> |
| Total program expenses | 286,915 |
| Program revenue | |
| Design review fees | 4,200 |
| Irrigation water fees | <u>68,644</u> |
| Total program revenue | <u>72,844</u> |
| Net program expenses | (214,071) |
| General revenue | |
| Property taxes | 201,078 |
| Specific ownership taxes | 15,615 |
| Interest and other | <u>2,477</u> |
| Total general revenue | <u>219,170</u> |
| CHANGE IN NET POSITION | 5,099 |
| NET POSITION - beginning of the year | <u>107,947</u> |
| NET POSITION - end of the year | <u><u>\$ 113,046</u></u> |

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

New Windsor Metropolitan District
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2017

| | General | Debt Service | Total |
|--|------------|-----------------|------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 190,828 | \$ - | \$ 190,828 |
| Irrigation water receivables | 9,424 | - | 9,424 |
| Other receivables | 6,592 | - | 6,592 |
| Prepaid expenses | 3,510 | - | 3,510 |
| Property taxes receivable | 211,382 | - | 211,382 |
| Total assets | \$ 421,736 | \$ - | \$ 421,736 |
| LIABILITIES | | | |
| Accounts payable | \$ 22,322 | \$ - | \$ 22,322 |
| Prepaid irrigation water fees | 1,008 | - | 1,008 |
| Total liabilities | 23,330 | - | 23,330 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes | 211,382 | - | 211,382 |
| FUND BALANCE | | | |
| Fund balance | | | |
| Non-spendable | 3,510 | - | 3,510 |
| Restricted | 7,600 | - | 7,600 |
| Unassigned | 175,914 | - | 175,914 |
| Total fund balance | 187,024 | - | 187,024 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 421,736 | \$ - | |

Amounts reported for governmental activities in the Statement of Net Position are different due to:

| | |
|--|------------|
| Bond discount, net of accumulated amortization of \$1,176 is reflected on the Statement of Net Position. | 4,667 |
| Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet. | (4,412) |
| Long-term liabilities, including outstanding bonds, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | (930,000) |
| Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund, net of accumulated depreciation of \$1,381,065. | 855,767 |
| Net position - government-wide financial statements | \$ 113,046 |

The accompanying notes are an integral part of these financial statements

New Windsor Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

| | General | Debt Service | Total |
|--|-------------------|-----------------|-------------------|
| Revenue | | | |
| Property taxes | \$ 201,078 | \$ - | \$ 201,078 |
| Specific ownership taxes | 15,615 | - | 15,615 |
| Irrigation water fees | 68,644 | - | 68,644 |
| Interest and other | 2,477 | - | 2,477 |
| | <hr/> | <hr/> | <hr/> |
| Total revenue | 287,814 | - | 287,814 |
| Expenditures | | | |
| Operations | | | |
| Accounting and audit | 6,750 | - | 6,750 |
| District management fees | 42,000 | - | 42,000 |
| Landscaping | 53,346 | - | 53,346 |
| Water rights and assessments | 460 | - | 460 |
| Repairs and maintenance | 47,286 | - | 47,286 |
| Legal | 1,691 | - | 1,691 |
| Dues and subscriptions | 438 | - | 438 |
| Directors' fees | 4,700 | - | 4,700 |
| Utilities and line locates | 13,355 | - | 13,355 |
| Insurance | 3,484 | - | 3,484 |
| Treasurer's fees | 3,017 | - | 3,017 |
| Office | 4,690 | - | 4,690 |
| Other | 50 | 250 | 300 |
| Snow removal | 5,108 | - | 5,108 |
| Debt service | | | |
| Principal | - | 25,000 | 25,000 |
| Interest | - | 54,225 | 54,225 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 186,375 | 79,475 | 265,850 |
| Excess of revenues over (under) expenditures | 101,439 | (79,475) | 21,964 |
| Other financing sources (uses) | | | |
| Transfers in | - | 79,475 | 79,475 |
| Transfers out | (79,475) | - | (79,475) |
| | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | (79,475) | 79,475 | - |
| NET CHANGE IN FUND BALANCE | 21,964 | - | 21,964 |
| FUND BALANCE - Beginning of Year | 165,060 | - | 165,060 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCE - End of Year | <u>\$ 187,024</u> | <u>\$ -</u> | <u>\$ 187,024</u> |

The accompanying notes are an integral part of these financial statements

New Windsor Metropolitan District

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

| | |
|---|-----------------|
| Net change in fund balance - total governmental funds | \$ 21,964 |
| Amounts reported for governmental activities in the Statement of Activities are different due to: | |
| Depreciation expense on capital assets is reported in the Statement of Activities. However, it does not use current financial resources, as such depreciation expense is not reported as an expenditure in the governmental funds. | (41,847) |
| Interest expense on the general obligation bonds is accrued in the Statement of Activities but not in the governmental funds. | 107 |
| Payments of general obligation bonds principal is an expenditure in the governmental funds, however; the principal payment is a reduction of the general obligation bonds in the Statement of Net Position. | 25,000 |
| The amortization of the discount on the general obligation bonds is reflected in the Statement of Activities but not in the governmental funds. | <u>(125)</u> |
| Change in net position - government-wide financial statements | <u>\$ 5,099</u> |

The accompanying notes are an integral part of these financial statements

New Windsor Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2017

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|------------------|-------------------|------------------|
| Revenue | | | |
| Property taxes | \$ 201,078 | \$ 201,078 | \$ - |
| Specific ownership taxes | 12,065 | 15,615 | 3,550 |
| Irrigation water fees | 75,000 | 68,644 | (6,356) |
| Interest and other | 400 | 2,477 | 2,077 |
| Total revenue | <u>288,543</u> | <u>287,814</u> | <u>(729)</u> |
| Expenditures | | | |
| Operations | | | |
| Accounting and audit | 6,500 | 6,750 | 250 |
| District management fees | 42,000 | 42,000 | - |
| Landscaping | 59,000 | 53,346 | (5,654) |
| Water rights and assessments | 2,000 | 460 | (1,540) |
| Repairs and maintenance | 15,000 | 47,286 | 32,286 |
| Legal | 6,500 | 1,691 | (4,809) |
| Directors' fees | 6,000 | 4,700 | (1,300) |
| Office | 4,400 | 4,690 | 290 |
| Utilities and line locates | 13,500 | 13,355 | (145) |
| Insurance and dues | 3,500 | 3,922 | 422 |
| Treasurer's fees | 4,022 | 3,017 | (1,005) |
| Other | - | 50 | 50 |
| Snow removal | 5,000 | 5,108 | 108 |
| Contingency and emergency reserve | 30,022 | - | (30,022) |
| Total expenditures | <u>197,444</u> | <u>186,375</u> | <u>(11,069)</u> |
| Revenues over expenditures | 91,099 | 101,439 | 10,340 |
| Other financing uses | | | |
| Transfer to Debt Service Fund | (79,475) | (79,475) | - |
| Total other financing sources | <u>(79,475)</u> | <u>(79,475)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 11,624</u> | 21,964 | <u>\$ 10,340</u> |
| FUND BALANCE - Beginning of Year | | <u>165,060</u> | |
| FUND BALANCE - End of Year | | <u>\$ 187,024</u> | |

The accompanying notes are an integral part of these financial statements

New Windsor Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the New Windsor Metropolitan District (the “District”) conform to the accounting principles generally accepted in the United States of America (“US GAAP”) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

1. Reporting Entity

The District was established under State of Colorado statutes as a quasi-municipal corporation and is governed by a five-member Board of Directors pursuant to the provisions of the Colorado Special District Act. The District’s service area is located in the Town of Windsor, Weld County, Colorado.

The District was formerly the Windsor Northwest Metropolitan District No. 2 and was established as part of a quad-district structure with the Windsor Northwest Metropolitan Districts Nos. 1, 3 and 4. Originally, District Nos. 1, 2 and 3 were established as financing districts to provide funding and tax base for capital improvements to benefit all four districts. District No. 4 was established to provide water, sanitation and drainage, streets, parks and recreation services, and was considered to be the servicing district. The infrastructure was completed and with the exception of the landscaping and irrigation system, was transferred to the Town of Windsor.

In June 2008, District No. 2 became the New Windsor Metropolitan District and issued general obligation bonds, the proceeds of which were transferred to District No. 4 to pay off the outstanding general obligation bonds issued by District No. 4. In September 2008, the net assets of District No. 4 were transferred to the District. Subsequently, District Nos. 1 and 4 ceased operation and were dissolved.

The District maintains the common landscaping within the service area and provides irrigation water to the residents of the District.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

2. Measurement Focus and Financial Reporting Framework

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on the *governmental-type activities* of the District, which rely to a significant extent on property and specific ownership taxes and charges for services. The Statement of Activities demonstrates the degree to which expenses of the *governmental-type activities* are supported by property and specific ownership taxes and charges for services.

New Windsor Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2. *Measurement Focus and Financial Reporting Framework - continued*

Governmental Fund Financial Statements

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

Governmental Funds

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and the debt service fund, both which are considered to be major funds.

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except for 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 general obligation debt of governmental funds.

3. *Cash and Cash Equivalents*

The District considers cash and cash equivalents to include cash on hand, demand deposits, savings accounts and money market accounts.

4. *Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and bonds payable. The District estimates that the fair value of these financial instruments as of December 31, 2017, do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

5. *Use of Estimates*

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. The District has estimated the useful lives of its depreciable capital assets as reflected in the Statement of Net Position and the full collectability of the irrigation water receivables.

New Windsor Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

6. *Property Taxes Receivable*

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Weld County bills and collects the property taxes on behalf of the District and remits the collections, less the Treasurer's fees, to the District on a monthly basis. As of December 31, the District has recorded the levied property taxes and the related deferred inflow of resources.

As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property will be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes.

8. *Capital Assets*

The District's capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of donation. The District's capital assets consist of landscaping, irrigation system and related equipment. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets. Depreciation is provided under the straight-line method, with estimated service lives of ten years to twenty-five years. The District's non-depreciable capital assets consist of various water rights.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

NOTE B – BUDGET INFORMATION

The District's annual budget is prepared on a Non-GAAP basis for the District's General Fund and Debt Service Fund. An annual appropriated budget is adopted at the total fund expenditure level and the annual appropriations lapse at the end of the District's fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado Revised Statutes, in the establishment of the budgetary information reflected in the accompanying financial statements.

Prior to October 15, the District's Manager submits a proposed operating budget for the subsequent fiscal year to the District's Board of Directors. The Board of Directors may change the proposed budget prior to the publication of the notice of budget. Within ten days of the submission, a notice of the proposed budget is published. The operating budget includes proposed expenditures and the means of financing the expenditures.

A public hearing is held at a regular District Board of Directors' meeting to allow public input on the proposed operating budget.

New Windsor Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE B – BUDGET INFORMATION – *continued*

On or before December 15, the operating budget is adopted by the Board of Directors through passage of a budget resolution. Upon adoption, the District's Treasurer is authorized by the Board of Directors to transfer the budgeted amounts within the function and objects of the Fund(s). The District's Board of Directors must approve revisions that change the total expenditures of the Fund(s). Appropriations are controlled and the budget can be only amended in accordance with the State of Colorado Revised Statutes that allows the District to amend the budget and adopt a supplemental appropriation in certain circumstances.

State of Colorado Statutes requires a balanced budget. For 2017, the District's budgeted general fund revenue exceeded expenditures and transfers by \$11,624. It was anticipated that the excess revenue over expenditures and transfers would be added to fund balance to be used at a later date to offset budgeted excess expenditures and transfers.

NOTE C – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State Regulators determine the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits.

As of December 31, 2017, all of the District's deposits were either insured by the FDIC or held in eligible depositories.

At December 31, 2017, the District had \$122,085 invested in the Colorado Local Government Liquid Trust ("Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of the U.S. government agencies. The District's investments are in the COLOTRUST PLUS+ portfolio. COLOTRUST is rated AAAm by Standard & Poor's.

New Windsor Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE D – LIMITED TAX GENERAL OBLIGATION BONDS

In June 2008, the District issued \$1,165,000 of Refunding Limited Tax General Obligation Bonds (the “Bonds”). The Bonds were issued to refund the District’s obligation pursuant to an Amended and Restated Intergovernmental Financing Agreement, dated November 2, 2002, (“Refunded Obligation”) between the District and the former Northwest Windsor Metropolitan District No. 4 (“District 4”). Under the Refunded Obligation, the District pledged to impose an ad valorem mill levy upon the taxable property within the District and transfer the taxes collected to District No. 4 to support the debt service requirements of the Windsor Northwest Metropolitan District No. 4 Limited Tax General Obligation Bonds, Series 1999 and the Windsor Northwest Metropolitan District No. 4 Limited Tax General Obligation Bonds, Series 2002, (“Refunded Obligations”).

The net proceeds from the Bonds were transferred to District No. 4 to refund the Refunded Obligations, and upon the issuance of the Bonds, the Refunded Obligation was terminated. All of the Refunded Obligations owners agreed to surrender their Refunded Obligations in exchange for the Bond proceeds and to discharge any remaining obligations there under.

The Bonds have a final maturity of December 1, 2037 and bear interest from their date of issuance to maturity or prior redemption at rates ranging from 4% to 5.75%, payable semiannually on each June 1 and December 1.

The following is an analysis of the changes in the bonds payable for the year ended December 31, 2017:

| | December 31, 2016 | Additions | Payments | December 31, 2017 | Due within One Year |
|-------------|----------------------|-----------|-----------|----------------------|------------------------|
| Series 2008 | \$ 955,000 | \$ - | \$ 25,000 | \$ 930,000 | \$ 25,000 |

The future minimum payments under the bonds as of December 31, 2017 are as follows:

| Year Ended December 31 | Principal | Interest | Total |
|------------------------|-------------------|-------------------|---------------------|
| 2018 | \$ 25,000 | \$ 52,944 | \$ 77,944 |
| 2019 | 30,000 | 51,663 | 81,663 |
| 2020 | 30,000 | 50,125 | 80,125 |
| 2021 | 30,000 | 48,588 | 78,588 |
| 2022 | 35,000 | 46,863 | 81,863 |
| 2023 – 2027 | 190,000 | 203,838 | 393,838 |
| 2028 – 2032 | 255,000 | 141,738 | 396,738 |
| 2033 – 2037 | 335,000 | 59,800 | 394,800 |
| | <u>\$ 930,000</u> | <u>\$ 655,559</u> | <u>\$ 1,585,559</u> |

NOTE E – TRANSFERS

Transfers in the amount of \$79,475 were made from the general fund to the debt service fund for the required December 1 debt service principal and interest payments due June 1 and December 1, 2017.

New Windsor Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE F – CAPITAL ASSETS

The changes in the District's capital assets for the year ended December 31, 2017 are as follows:

| | December 31, 2016 | Additions | Disposals | December 31, 2017 |
|--------------------------------------|----------------------|-------------|-----------|----------------------|
| Capital assets | | | | |
| Non-depreciable | | | | |
| Water rights | \$ 421,915 | \$ - | \$ - | \$ 421,915 |
| Depreciable | | | | |
| Meter reading software and equipment | 8,500 | - | - | 8,500 |
| Landscaping | 1,003,695 | - | - | 1,003,695 |
| Irrigation system | 802,722 | - | - | 802,722 |
| Total | 2,236,832 | - | - | 2,236,832 |
| Accumulated depreciation | | | | |
| Meter reading software and equipment | (6,100) | (1,700) | - | (7,800) |
| Landscaping | (530,396) | (40,147) | - | (570,543) |
| Irrigation system | (802,722) | - | - | (802,722) |
| Total | (1,339,218) | (41,847) | - | (1,381,065) |
| Net capital assets | \$ 897,614 | \$ (41,847) | \$ - | \$ 855,767 |

NOTE G – FUND BALANCE

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as non-spendable, restricted, committed, assigned or unassigned.

Non-spendable – represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact,

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation,

Committed – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the District's Board of Directors. Committed resources cannot be used for any other purpose unless the District's Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance,

New Windsor Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE G – FUND BALANCE - *continued*

Assigned – represents amounts that the District intends to use for specific purposes as expressed by the District’s Board of Directors or a District official delegated the authority to assign amounts,

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

As of December 31, 2017, the District’s General Fund balance consisted of the following:

| | |
|--------------------|--------------------------|
| Fund balances: | |
| Non-spendable | |
| Prepaid expenses | \$ 3,510 |
| Restricted | |
| TABOR reserve | 7,600 |
| Unassigned | <u>175,917</u> |
| Total fund balance | \$ <u><u>187,024</u></u> |

NOTE H – TAX, SPENDING AND DEBT LIMITATIONS

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

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.

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 calculation of the fiscal year spending limits will require judicial interpretation.

NOTE I – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God for which the District carries commercial insurance. The District’s claims, if any, have not exceeded its coverage during the preceding three years.

New Windsor Metropolitan District

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE J – COMMITMENTS

District Management

The District outsources the management of the District which includes overall management, accounting and administrative services. The service contract renews annually each year on January 1, unless notice of non-renewal is provided by either party as described in the service contract. Under the service contract, the District is required to make monthly payments of \$3,500 for a total annual compensation of \$42,000.

Landscape Maintenance

In 2016, the District renewed the service contract for landscape maintenance for a maximum three years, subject to early termination. Under the service contract, the District is required to make monthly payments of \$3,250 for a total annual compensation of \$39,000.

NOTE K – MANAGEMENT'S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District's financial statements and accompanying footnotes in conformity with US GAAP requires management of the District to evaluate transactions and events subsequent to the balance sheet date involving the District. Management has evaluated the subsequent transactions and events of the District through February 16, 2018 which is the date the financial statements and accompanying footnotes were available for issuance.

SUPPLEMENTARY INFORMATION

New Windsor Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2017

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------|---------------|---------------|-----------------|
| Expenditures | | | |
| Debt Service | | | |
| Principal | \$ 25,000 | \$ 25,000 | \$ - |
| Interest | 54,225 | 54,225 | - |
| Paying agent | 250 | 250 | - |
| | <u>79,475</u> | <u>79,475</u> | <u>-</u> |
| Total expenses | 79,475 | 79,475 | - |
| Other financing sources | | | |
| Transfer from General Fund | <u>79,475</u> | <u>79,475</u> | <u>-</u> |
| | <u>79,475</u> | <u>79,475</u> | <u>-</u> |
| Total other financing sources | 79,475 | 79,475 | - |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| FUND BALANCE - Beginning of Year | | <u>-</u> | |
| FUND BALANCE - End of Year | | <u>\$ -</u> | |