

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
El Paso County, Colorado

FINANCIAL STATEMENTS
December 31, 2017



RECEIVED

Office of the State Auditor

May 17, 2018

TABLE OF CONTENTS

| | PAGE |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 3 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 4 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 5 |
| General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual | 6 |
| Notes to Financial Statements | 7 |
| SUPPLEMENTARY INFORMATION | 21 |
| Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual | 22 |
| Capital Project Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual | 23 |
| Schedule of Debt Service Requirements to Maturity | 24 |
| Summary of Assessed Valuation, Mill Levy and Property Taxes Collected | 25 |

INDEPENDENT AUDITORS' REPORT

Board of Directors
Allison Valley Metropolitan District No. 1
Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Allison Valley Metropolitan District No. 1 (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.

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

Other Matters

Required Supplemental Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplemental 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 schedules on page 22 through 25 are presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.

Stockman Kast Ryan & Co., LLP

April 30 2018

BASIC FINANCIAL STATEMENTS

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

| | <u>Governmental Activities</u> |
|--------------------------------------|---|
| ASSETS | |
| Cash and investments - Restricted | \$ 48,953 |
| Receivable - County Treasurer | 81 |
| Due from Allison Valley 2 | 522 |
| Property taxes receivable | 37,574 |
| Prepaid expenses | 2,013 |
| Capital assets, net | <u>2,275,983</u> |
| Total assets | <u>2,365,126</u> |
| LIABILITIES | |
| Accounts payable | 20,340 |
| Accrued interest payable | 5,070 |
| Noncurrent liabilities: | |
| Due in one year | 1,010 |
| Due in more than one year | <u>11,369,688</u> |
| Total liabilities | <u>11,396,108</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred property tax revenue | <u>37,574</u> |
| Total deferred inflows of resources | <u>37,574</u> |
| NET POSITION | |
| Net investment in capital assets | (170,591) |
| Restricted for: | |
| Emergency reserves | 70 |
| Debt service | 42,194 |
| Capital projects | 1,704 |
| Unrestricted | <u>(8,941,933)</u> |
| Total net position | <u><u>\$ (9,068,556)</u></u> |

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

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

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u> |
|---|-------------------|---|---|---|--|
| | | <u>Charges</u> <u>for</u> <u>Services</u> | <u>Operating</u> <u>Grants and</u> <u>Contributions</u> | <u>Capital</u> <u>Grants and</u> <u>Contributions</u> | <u>Governmental</u> <u>Activities</u> |
| Primary government: | | | | | |
| Government activities: | | | | | |
| General government | \$ 147,774 | \$ - | \$ - | \$ - | \$ (147,774) |
| Interest and related costs on long-term debt | 654,742 | - | - | - | (654,742) |
| | <u>\$ 802,516</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(802,516)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 7,725 |
| Specific ownership tax | | | | | 1,047 |
| Net investment income | | | | | 434 |
| Total general revenues | | | | | <u>9,206</u> |
| Special items: | | | | | |
| Dedication of capital assets to other governments | | | | | <u>(8,002,166)</u> |
| Change in net position | | | | | (8,795,476) |
| Net position - Beginning | | | | | (273,080) |
| Net position - Ending | | | | | <u>\$ (9,068,556)</u> |

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

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|---|------------------|---------------------|-------------------------|---------------------------------|
| ASSETS | | | | |
| Cash and investments - Restricted | \$ 46 | \$ 47,203 | \$ 1,704 | \$ 48,953 |
| Receivable - County Treasurer | 20 | 61 | - | 81 |
| Due from Allison Valley 2 | 522 | - | - | 522 |
| Property taxes receivable | 9,394 | 28,180 | - | 37,574 |
| Prepaid expenses | 2,013 | - | - | 2,013 |
| TOTAL ASSETS | <u>\$ 11,995</u> | <u>\$ 75,444</u> | <u>\$ 1,704</u> | <u>\$ 89,143</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 20,340 | \$ - | \$ - | \$ 20,340 |
| Total liabilities | <u>20,340</u> | <u>-</u> | <u>-</u> | <u>20,340</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property tax revenue | 9,394 | 28,180 | - | 37,574 |
| Total deferred inflows of resources | <u>9,394</u> | <u>28,180</u> | <u>-</u> | <u>37,574</u> |
| FUND BALANCES | | | | |
| Nonspendable for: | | | | |
| Prepaid expenses | 2,013 | - | - | 2,013 |
| Restricted for: | | | | |
| Emergencies (TABOR) | 70 | - | - | 70 |
| Debt service | - | 47,264 | - | 47,264 |
| Capital projects | - | - | 1,704 | 1,704 |
| Unassigned: | (19,822) | - | - | (19,822) |
| Total fund balances | <u>(17,739)</u> | <u>47,264</u> | <u>1,704</u> | <u>31,229</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 11,995</u> | <u>\$ 75,444</u> | <u>\$ 1,704</u> | |

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

| | |
|---|-----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 2,275,983 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds: | |
| Accrued interest on Developer advance | (566,621) |
| Developer advances payable | (9,362,462) |
| Bonds payable | (1,441,615) |
| Accrued interest payable | (5,070) |
| Net position of governmental activities | <u>\$ (9,068,556)</u> |

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

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

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|---|--------------------|-------------------------|-----------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 1,931 | \$ 5,794 | \$ - | \$ 7,725 |
| Specific ownership tax | 262 | 785 | - | 1,047 |
| Net investment income | 36 | 397 | 1 | 434 |
| Total revenues | <u>2,229</u> | <u>6,976</u> | <u>1</u> | <u>9,206</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Accounting | 18,809 | - | - | 18,809 |
| Audit | 9,000 | - | - | 9,000 |
| County Treasurer's fee | 30 | 89 | - | 119 |
| District management | 37,500 | - | - | 37,500 |
| Dues and membership | 216 | - | - | 216 |
| Legal | 10,438 | - | - | 10,438 |
| Miscellaneous | 44 | - | - | 44 |
| Contingency | - | - | 19 | 19 |
| Debt service | | | | |
| Loan interest expense | - | 40,172 | - | 40,172 |
| Loan issuance cost | - | - | 308,250 | 308,250 |
| Capital outlay | - | - | 3,285,769 | 3,285,769 |
| Total expenditures | <u>76,037</u> | <u>40,261</u> | <u>3,594,038</u> | <u>3,710,336</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(73,808)</u> | <u>(33,285)</u> | <u>(3,594,037)</u> | <u>(3,701,130)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan proceeds | - | - | 1,441,615 | 1,441,615 |
| Developer advance | 56,110 | - | 3,310,769 | 3,366,879 |
| Repay Developer advance | - | - | (1,076,135) | (1,076,135) |
| Transfers in (out) | (41) | 80,549 | (80,508) | - |
| Total other financing sources (uses) | <u>56,069</u> | <u>80,549</u> | <u>3,595,741</u> | <u>3,732,359</u> |
| NET CHANGE IN FUND BALANCES | (17,739) | 47,264 | 1,704 | 31,229 |
| FUND BALANCES - BEGINNING OF YEAR | | | | |
| | - | - | - | - |
| FUND BALANCES - END OF YEAR | <u>\$ (17,739)</u> | <u>\$ 47,264</u> | <u>\$ 1,704</u> | <u>\$ 31,229</u> |

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

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

| | | |
|--|----|--------|
| Net change in fund balances - Total governmental funds | \$ | 31,229 |
|--|----|--------|

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

| | | |
|---|--|-------------|
| Capital outlay | | 3,285,769 |
| Dedication of capital assets to other governments | | (8,002,166) |
| Depreciation | | (71,718) |

Long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

| | | |
|---------------------------------|--|-------------|
| Loan proceeds | | (1,441,615) |
| Developer advances | | (3,366,879) |
| Repayment of Developer advances | | 1,076,135 |

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:

| | | |
|--|--|-----------|
| Accrued interest on loan - Change in liability | | (5,070) |
| Accrued interest on Developer advances - Change in liability | | (301,161) |

| | | |
|--|----|---------------------------|
| Changes in net position of governmental activities | \$ | <u><u>(8,795,476)</u></u> |
|--|----|---------------------------|

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

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

| | Budget | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------|-----------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 1,931 | \$ 1,931 | \$ 1,931 | \$ - |
| Specific ownership tax | 150 | 269 | 262 | (7) |
| Net investment income | - | - | 36 | 36 |
| Total revenues | <u>2,081</u> | <u>2,200</u> | <u>2,229</u> | <u>29</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Accounting | 12,000 | 12,000 | 18,809 | (6,809) |
| Audit | 7,000 | 7,000 | 9,000 | (2,000) |
| County Treasurer's fee | 29 | 29 | 30 | (1) |
| District management | 37,500 | 37,500 | 37,500 | - |
| Dues and membership | 600 | 600 | 216 | 384 |
| Insurance and bonds | 2,100 | 2,100 | - | 2,100 |
| Legal | 9,000 | 11,400 | 10,438 | 962 |
| Miscellaneous | 200 | - | 44 | (44) |
| Contingency | 6,571 | 6,571 | - | 6,571 |
| Total expenditures | <u>75,000</u> | <u>77,200</u> | <u>76,037</u> | <u>1,163</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(72,919)</u> | <u>(75,000)</u> | <u>(73,808)</u> | <u>1,192</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer advance | 75,000 | 75,000 | 56,110 | (18,890) |
| Transfer to other funds | - | - | (41) | (41) |
| Total other financing sources (uses) | <u>75,000</u> | <u>75,000</u> | <u>56,069</u> | <u>(18,931)</u> |
| NET CHANGE IN FUND BALANCES | 2,081 | - | (17,739) | (17,739) |
| FUND BALANCES - BEGINNING OF YEAR | <u>200</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 2,281</u> | <u>\$ -</u> | <u>\$ (17,739)</u> | <u>\$ (17,739)</u> |

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

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

NOTE 1 - DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of El Paso County on December 5, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Consolidated Service Plan, dated July 12, 2006, formed the Allison Valley Metropolitan District Nos. 1 and 2 (the Districts). The District operates under the Amended and Restated Service Plan approved by the City of Colorado Springs (the City) on September 8, 2015. The District's service area is located entirely within the City in El Paso County, Colorado. The Districts were established to provide the following services: streets and drainage, water, sanitary sewer, parks and recreation, traffic safety protection, mosquito control, public transportation, and television relay and translation. Both Districts are residential districts. Allison Valley Metropolitan District No. 1 also includes commercial properties within its boundaries. See Note 8 regarding intergovernmental agreements between the Districts.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Pursuant to the Service Plan as amended on September 8, 2015, the District may certify a maximum operating mill levy of 10.000 mills and a maximum debt service mill levy of 30.000 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District.

Capital Assets

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

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

| | |
|---------------------|-------------|
| Infrastructure | 30-50 years |
| Park and recreation | 15-35 years |

It is the policy of the City to accept maintenance responsibility for all capital improvements within the City after a minimum two-year warranty period, except for certain landscaping, park and recreation, and storm drainage improvements specified in the District's Service Plan, upon the District's completion and conveyance of such improvements provided they meet the City's specifications.

The District has conveyed assets in the amount of \$8,002,166 to the City and has a warranty and maintenance obligation to the City for a period of two years following the City's preliminary acceptance.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

Deficits

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

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

| | |
|-----------------------------------|------------------|
| Cash and investments - Restricted | <u>\$ 48,953</u> |
|-----------------------------------|------------------|

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

| | |
|--------------------------------------|------------------|
| Deposits with financial institutions | <u>\$ 48,953</u> |
|--------------------------------------|------------------|

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

As of December 31, 2017, the District's cash deposits had a bank balance of \$48,953 and a carrying balance of \$48,953.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

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

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

NOTE 4 - CAPITAL ASSETS

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

| | <u>Balance at December 31, 2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at December 31, 2017</u> |
|---|---|---------------------|---------------------|---|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 6,269,269 | \$ 2,529,031 | \$ 8,798,300 | \$ - |
| Total capital assets, not being depreciated | <u>6,269,269</u> | <u>2,529,031</u> | <u>8,798,300</u> | <u>-</u> |
| Capital assets, being depreciated: | | | | |
| Drainage | - | 1,320,522 | - | 1,320,522 |
| Park and recreation | 794,829 | 232,350 | - | 1,027,179 |
| Total capital assets, being depreciated | <u>794,829</u> | <u>1,552,872</u> | <u>-</u> | <u>2,347,701</u> |
| Less accumulated depreciation for: | | | | |
| Drainage | - | (35,278) | - | (35,278) |
| Park and recreation | - | (36,440) | - | (36,440) |
| Total accumulated depreciation | <u>-</u> | <u>(71,718)</u> | <u>-</u> | <u>(71,718)</u> |
| Total capital assets, being depreciated, net | <u>794,829</u> | <u>1,481,154</u> | <u>-</u> | <u>2,275,983</u> |
| Governmental activities capital assets, net | <u>\$ 7,064,098</u> | <u>\$ 4,010,185</u> | <u>\$ 8,798,300</u> | <u>\$ 2,275,983</u> |

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

NOTE 5 - LONG-TERM OBLIGATIONS

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

| | <u>Balance at December 31, 2016</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at December 31, 2017</u> | <u>Due Within One Year</u> |
|---------------------------------------|---|---------------------|---------------------|---|------------------------------------|
| Series 2017A Limited Tax G.O. Loan | \$ - | \$ 1,441,615 | \$ - | \$ 1,441,615 | \$ 1,010 |
| Developer advances | | | - | | |
| Operating | 7,620 | 56,110 | - | 63,730 | - |
| Capital | 7,064,098 | 3,310,769 | 1,076,135 | 9,298,732 | - |
| Interest on Developer advances | | | | | |
| Operating | 109 | 1,536 | - | 1,645 | - |
| Capital | 265,351 | 299,625 | - | 564,976 | - |
| | <u>\$ 7,337,178</u> | <u>\$ 5,109,655</u> | <u>\$ 1,076,135</u> | <u>\$ 11,370,698</u> | <u>\$ 1,010</u> |

The details of the District's long-term obligations are as follows:

Series 2017A - \$10,000,000 Limited Tax General Obligation Loan

On April 3, 2017, the District entered into the 2017A Loan Agreement (the Series 2017A Loan) with Zions Bank (successor of Vectra Bank) in an amount not to exceed \$10,000,000, with a maturity date of December 1, 2047. The interest rate is calculated as 3.25% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the Advance and is reset on December 1, 2022, and each five year anniversary of such date until maturity. Payments are due semi-annually on June 1 and December 1 of each year, commencing June 1, 2017 through December 1, 2047. The District may prepay the outstanding principal commencing on the second anniversary with a 1% penalty. Prepayments may occur after the third anniversary without penalty. The Series 2017A Loan was executed to reimburse the Developer for infrastructure acquired by the District.

The initial loan advance was \$1,441,615 on April 3, 2017 at the interest rate of 4.1625%. The District may make advance requests once each calendar year quarter in amounts not less than \$50,000, and not to exceed the aggregate amount of \$10,000,000.

The Series 2017A Loan is secured and payable from the Pledged Revenue, consisting of monies derived by property and specific ownership taxes, as derived by the debt mill levy, system development fees, and any other legally available monies of the District credited to the Loan Fund.

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

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Series 2017B - Limited Tax General Obligation Loan

In April 2017, the District entered into the 2017B Loan Agreement (the Series 2017B Loan) with Zions Bank (successor of Vectra Bank) in the amount of the lesser of (i) \$6,500,000, plus the amount, if any, which is not funded pursuant to the Series 2017A Loan by April 3, 2019 and which is transferred to the amount which may be advanced pursuant to the Series 2017B Loan or (ii) \$10,000,000. The interest rate is calculated as 3.25% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the Advance and is reset on December 1, 2022, and each five year anniversary of such date until maturity. Payments are due semi-annually on June 1 and December 1 of each year, commencing June 1, 2017 through December 1, 2047. The Series 2017B Loan was executed to reimburse the Developer for infrastructure acquired by the District.

No loan advances have been requested on the Series 2017B Loan. The District may make advance requests once each calendar year quarter in amounts not less than \$50,000, and not to exceed the maximum advance amount.

The Series 2017B Loan is secured and payable from the Pledged Revenue, consisting of monies derived by property taxes, specific ownership taxes, system development fees, and any other legally available monies of the District credited to the Loan Fund. The Series 2017B Loan is parity debt to the Series 2017A Loan.

The annual requirements to amortize the remaining Series 2017A Loan are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|---------------------|---------------------|
| 2018 | \$ 1,010 | \$ 60,841 | \$ 61,851 |
| 2019 | 7,209 | 60,798 | 68,007 |
| 2020 | 14,417 | 60,660 | 75,077 |
| 2021 | 14,417 | 59,885 | 74,302 |
| 2022 | 14,417 | 59,277 | 73,694 |
| 2023-2027 | 118,937 | 284,984 | 403,921 |
| 2028-2032 | 180,205 | 254,833 | 435,038 |
| 2033-2037 | 266,701 | 209,338 | 476,039 |
| 2038-2042 | 400,049 | 142,534 | 542,583 |
| 2043-2047 | 424,253 | 50,015 | 474,268 |
| | <u>\$ 1,441,615</u> | <u>\$ 1,243,165</u> | <u>\$ 2,684,780</u> |

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

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 3, 2015, the District held an election to authorize issuance of indebtedness in an amount not to exceed \$30,000,000 for each category of infrastructure improvements at an interest rate not to exceed 18% and subject to a maximum of \$30,000,000, in aggregate, for refunding the District's debt or other obligations. The ballot issues were approved and the District intends to use the funds for streets and storm drainage, water improvements, sanitary sewer improvements, parks and recreation, traffic safety controls, mosquito control, public transportation, TV relay and translation and refunding of debt as allowed by the election, the service plan, IGA with the City, and IGA with Allison Valley 2.

| | <u>Amount Authorized November 3, 2015</u> | <u>Authorization Used 2017A Loan</u> | <u>Remaining at December 31, 2017</u> |
|-----------------------------|---|--|---|
| Streets and storm drainage | \$ 30,000,000 | \$ 1,441,615 | \$ 28,558,385 |
| Water improvements | 30,000,000 | - | 30,000,000 |
| Sanitary sewer improvements | 30,000,000 | - | 30,000,000 |
| Parks and recreation | 30,000,000 | - | 30,000,000 |
| Traffic safety controls | 30,000,000 | - | 30,000,000 |
| Mosquito control | 30,000,000 | - | 30,000,000 |
| Public transportation | 30,000,000 | - | 30,000,000 |
| TV relay and translation | 30,000,000 | - | 30,000,000 |
| Refunding of debt | 30,000,000 | - | 30,000,000 |
| | <u>\$ 270,000,000</u> | <u>\$ 1,441,615</u> | <u>\$ 268,558,385</u> |

Pursuant to the Service Plan as amended on September 8, 2015, the District can issue bond indebtedness of up to \$30,000,000. In addition, the maximum debt service mill levy for the District is 30.000 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District. As of December 31, 2017, the calculated adjusted debt service mill levy was 30.000 mills.

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

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

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

The District has entered into Reimbursement Agreements, which were amended effective January 1, 2017, with Allison Valley Development Company, LLC (the Developer) to repay advances made by the Developer for operation and maintenance and capital improvement costs. For operations and maintenance, the District agrees to repay the Developer along with accrued interest rate of the greater of 4.25% or Prime Rate published by Kirkpatrick Bank plus 1%. For capital improvements, the District agrees to repay the Developer along with accrued interest at the rate set forth on the initial debt offering, from the day of each advance. The District's repayment obligations pursuant to these agreements are subject to annual appropriation. Pursuant to the First Amendment to the Reimbursement Agreement, payments to the Developer shall be applied first to principal then to interest. As of December 31, 2017, outstanding Developer advances for operations totaled \$63,730 with accrued interest of \$1,645 and outstanding advances for capital improvements totaled \$9,298,732 with accrued interest of \$564,976.

NOTE 6 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the District had net investment in capital assets calculated as follows:

| | Governmental Activities |
|--|------------------------------------|
| Net investment in capital assets: | |
| Capital assets, net (excluding assets anticipated to be conveyed to other governmental entities) | \$ 2,275,983 |
| Current portion of outstanding long-term obligations | (229) |
| Noncurrent portion of outstanding long-term obligations | (2,436,046) |
| Unspent loan proceeds | (10,299) |
| Net investment in capital assets | \$ (170,591) |

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

NOTE 6 - NET POSITION (CONTINUED)

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

| | Governmental Activities |
|-------------------------------|------------------------------------|
| Restricted net position: | |
| Emergencies | \$ 70 |
| Debt service reserve | 42,194 |
| Capital projects | 1,704 |
| Total restricted net position | \$ 43,968 |

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of Developer advances for operations, maintenance and infrastructure costs.

NOTE 7 - RELATED PARTIES

The Developer of the property which constitutes the District is Allison Valley Development Company, LLC. The members of the Board of Directors are officers, employees or associated with the Developer and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer.

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS

On December 6, 2007, the District entered into an Intergovernmental Agreement (IGA) with Allison Valley 2. The IGA was supplemented on October 20, 2016. The purpose of the IGA is to clarify specific provisions of the Amended Service Plan.

The Districts agree to share the costs of the financing, construction, operation and maintenance of facilities as contemplated in the Consolidated Service Plan. It is anticipated that the total capital costs of the Districts will not exceed \$30,000,000, which the Districts will share. The Districts will share the capital costs 55% to Allison Valley 1 and 45% to Allison Valley 2. The percentages correspond to the approximate relative amount of assessed value of each district to the total projected at build-out for the total project.

The Districts agree to allocate the \$30,000,000 debt capacity authorized by the Consolidated Service Plan using the same percentage as the capital costs (55% for Allison Valley 1 and 45% for Allison Valley 2). In dollar terms the allocation of the debt capacity is \$16,500,000 for Allison Valley 1 and \$13,500,000 for Allison Valley 2. The Districts are allowed, but are not required to, allocate the voter-approved debt capacity that is available for each category of improvements using the 55/45 ratio.

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

NOTE 9 - ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

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 a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

On November 7, 2006, the District's voters authorized the District to increase property taxes \$750,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitutions (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

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

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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.

NOTE 12 - INTERFUND AND OPERATING TRANSFERS

The transfer from the General Fund to the Debt Service Fund resulted from the use of general property taxed for payment of debt service. The transfer from the Capital Projects Fund to the Debt Service Fund is due to the receipt of capitalized interest from the draw on the 2017 Loan.

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

SUPPLEMENTARY INFORMATION

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

| | Budget | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|------------------|---------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 5,794 | \$ 5,944 | \$ 5,794 | \$ (150) |
| Specific ownership tax | 460 | 760 | 785 | 25 |
| Net investment income | - | 250 | 397 | 147 |
| Total revenues | <u>6,254</u> | <u>6,954</u> | <u>6,976</u> | <u>22</u> |
| EXPENDITURES | | | | |
| County Treasurer's fees | 87 | 87 | 89 | (2) |
| Loan interest expense | - | 42,000 | 40,172 | 1,828 |
| Total expenditures | <u>87</u> | <u>42,087</u> | <u>40,261</u> | <u>1,826</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>6,167</u> | <u>(35,133)</u> | <u>(33,285)</u> | <u>1,848</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from other funds | 100,000 | 100,000 | 82,251 | (17,749) |
| Transfers to other funds | - | - | (1,702) | (1,702) |
| Total other financing sources (uses) | <u>100,000</u> | <u>100,000</u> | <u>80,549</u> | <u>(19,451)</u> |
| NET CHANGE IN FUND BALANCES | 106,167 | 64,867 | 47,264 | (17,603) |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 106,167</u> | <u>\$ 64,867</u> | <u>\$ 47,264</u> | <u>\$ (17,603)</u> |

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

| | Budget | | Actual Amounts | Variance with Final Budget |
|---|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Net investment income | \$ - | \$ - | \$ 1 | \$ 1 |
| Total revenues | <u>-</u> | <u>-</u> | <u>1</u> | <u>1</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Loan issue costs | - | 310,000 | 308,250 | 1,750 |
| Capital outlay | | | | |
| Consulting / engineering | 291,500 | - | - | - |
| Drainage | - | 525,000 | 524,388 | 612 |
| Park and recreation | 147,950 | 147,950 | 232,350 | (84,400) |
| Planning | 431,750 | 431,750 | - | 431,750 |
| Sewer infrastructure | 390,500 | 290,500 | 292,287 | (1,787) |
| Streets | 2,567,950 | 1,567,950 | 1,443,220 | 124,730 |
| Television transmission and relay | - | 30,000 | 26,382 | 3,618 |
| Traffic safety controls | 27,500 | 27,500 | 531 | 26,969 |
| Transportation | 27,500 | 27,500 | 294,775 | (267,275) |
| Water infrastructure | 293,700 | 393,700 | 471,836 | (78,136) |
| Contingency | - | 51,500 | 19 | 51,481 |
| Total expenditures | <u>4,178,350</u> | <u>3,803,350</u> | <u>3,594,038</u> | <u>209,312</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(4,178,350)</u> | <u>(3,803,350)</u> | <u>(3,594,037)</u> | <u>209,313</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan proceeds | 1,533,000 | 1,533,000 | 1,441,615 | (91,385) |
| Developer advance | 2,745,350 | 3,345,350 | 3,310,769 | (34,581) |
| Transfers in from other funds | - | - | 1,702 | 1,702 |
| Repay Developer advance | - | (1,075,000) | (1,076,135) | (1,135) |
| Transfers out to other funds | (100,000) | - | (82,210) | (82,210) |
| Total other financing sources (uses) | <u>4,178,350</u> | <u>3,803,350</u> | <u>3,595,741</u> | <u>(207,609)</u> |
| NET CHANGE IN FUND BALANCES | - | - | 1,704 | 1,704 |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,704</u> | <u>\$ 1,704</u> |

ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

\$10,000,000 Limited Tax General
Obligation Loan - Series 2017A
Dated April 4, 2017
2017 Draw - \$1,441,615
Interest Rate - Variable
Principal Due December 1

| <u>Year Ended</u> <u>December 31,</u> | <u>Interest Payable June 1 and December 1</u> | | |
|--|---|---------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2018 | \$ 1,010 | \$ 60,841 | \$ 61,851 |
| 2019 | 7,209 | 60,798 | 68,007 |
| 2020 | 14,417 | 60,660 | 75,077 |
| 2021 | 14,417 | 59,885 | 74,302 |
| 2022 | 14,417 | 59,277 | 73,694 |
| 2023 | 14,417 | 58,668 | 73,085 |
| 2024 | 21,625 | 58,219 | 79,844 |
| 2025 | 25,229 | 57,148 | 82,377 |
| 2026 | 28,833 | 56,083 | 84,916 |
| 2027 | 28,833 | 54,866 | 83,699 |
| 2028 | 28,833 | 53,796 | 82,629 |
| 2029 | 32,437 | 52,432 | 84,869 |
| 2030 | 36,041 | 51,063 | 87,104 |
| 2031 | 39,645 | 49,542 | 89,187 |
| 2032 | 43,249 | 48,000 | 91,249 |
| 2033 | 46,853 | 46,044 | 92,897 |
| 2034 | 50,457 | 44,066 | 94,523 |
| 2035 | 50,457 | 41,937 | 92,394 |
| 2036 | 57,665 | 39,917 | 97,582 |
| 2037 | 61,269 | 37,374 | 98,643 |
| 2038 | 68,477 | 34,788 | 103,265 |
| 2039 | 75,685 | 31,898 | 107,583 |
| 2040 | 79,289 | 28,783 | 108,072 |
| 2041 | 86,497 | 25,358 | 111,855 |
| 2042 | 90,101 | 21,707 | 111,808 |
| 2043 | 93,705 | 17,905 | 111,610 |
| 2044 | 93,705 | 13,988 | 107,693 |
| 2045 | 93,705 | 9,995 | 103,700 |
| 2046 | 93,705 | 6,041 | 99,746 |
| 2047 | 49,433 | 2,086 | 51,519 |
| | <u>\$ 1,441,615</u> | <u>\$ 1,243,165</u> | <u>\$ 2,684,780</u> |

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 1
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2017**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | Property Taxes | | Percent Collected to Levied |
|--|---|-------------------------|-----------------------|------------------|--|
| | | | Levied | Collected | |
| 2016 | \$ 30 | 0.000 | \$ - | \$ - | 0.00% |
| 2017 | \$ 193,140 | 40.000 | \$ 7,725 | \$ 7,725 | 100.00% |
| Estimated for year ending December 31, 2018 | \$ 939,350 | 40.000 | \$ 37,574 | | |