

**CUCHARS RANCH METROPOLITAN DISTRICT**

**El Paso County, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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Office of the State Auditor

July 24, 2018

## Table of Contents

|   | <u>Page</u> |
|---|-------------|
| <b>INDEPENDENT AUDITOR’S REPORT</b>   | I           |
| <b>BASIC FINANCIAL STATEMENTS</b>   |             |
| 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<br>In Fund Balances – Governmental Funds  | 4           |
| Reconciliation of the Statement of Revenues,<br>Expenditures and Changes in Fund Balances of<br>Government Funds to the Statement of Activities | 5           |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balance – Budget and Actual – General Fund   | 6           |
| Notes to Financial Statements   | 7           |
| <b>SUPPLEMENTAL INFORMATION</b>   |             |
| Schedule of Revenues, Expenditures and Changes in<br>Fund Balance – Budget and Actual – Debt Service Fund                                       | 19          |
| Schedule of Revenues, Expenditures and Changes in<br>Fund Balance – Budget and Actual – Capital Projects Fund                                   | 20          |
| <b>OTHER INFORMATION</b>  |             |
| Schedule of Debt Service Requirements to Maturity   | 21          |
| Summary of Assessed Valuation, Mill Levy and Property<br>Taxes Collected  | 22          |



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Dazzio & Associates, PC

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Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Cuchares Ranch Metropolitan District  
El Paso County, Colorado

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

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

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

### **Auditor's Responsibility**

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

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

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

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

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cuchares Ranch Metropolitan District's basic financial statements. The budget to actual schedule for the debt service and capital projects funds (the Supplemental Information) and the schedule of debt service requirements to maturity and the summary of assessed valuation, mill levy and property taxes collected (the Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was 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 budget to actual schedule for the debt service fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Duggio & Associates, P.C.*

July 5, 2018

## **BASIC FINANCIAL STATEMENTS**

**CUCHARS RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2017**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>ASSETS</b>   |                                    |
| Cash and investments - unrestricted   | \$ 39,095                          |
| Cash and investments - restricted   | 533,624                            |
| Due from County Treasurer   | 3,476                              |
| Property taxes receivable   | 367,799                            |
| Total assets  | 943,994                            |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND NET POSITION</b> |                                    |
| <b>LIABILITIES</b>  |                                    |
| Accounts payable  | 3,449                              |
| Accrued bond interest payable   | 75,777                             |
| Bonds payable:  |                                    |
| Due within one year   | 50,000                             |
| Due in more than one year   | 5,825,000                          |
| Total liabilities   | 5,954,226                          |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>                                    |                                    |
| Deferred property taxes revenues  | 367,799                            |
| Total deferred inflows of resources   | 367,799                            |
| <br><b>NET POSITION</b>   |                                    |
| Restricted:   |                                    |
| Emergency reserves  | 1,210                              |
| Debt service  | 456,588                            |
| Capital improvements  | 4,365                              |
| Unrestricted  | (5,840,194)                        |
| Total net position  | \$ (5,378,031)                     |

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017**

| <u>Functions/Programs</u>        | <u>Expenses</u>   | <u>Program Revenues</u>         |   |   | <u>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Position</u> |
|----------------------------------|-------------------|---------------------------------|---|---|--|
|                                  |                   | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u>                                   |
| Governmental Activities:         |                   |                                 |   |   |  |
| General government               | \$ 36,040         | \$ -                            | \$ -  | \$ -  | \$ (36,040)  |
| Interest and fiscal charges      | 316,675           | -                               | -   | -   | (316,675)  |
| Total governmental activities    | <u>\$ 352,715</u> | <u>\$ -</u>                     | <u>\$ -</u>                                       | <u>\$ -</u>                                     | <u>(352,715)</u>   |
| General revenues:                |                   |                                 |   |   |  |
| Taxes:                           |                   |                                 |   |   |  |
| Property taxes                   |                   |                                 |   |   | 331,782  |
| Specific ownership taxes         |                   |                                 |   |   | 44,950   |
| Net investment income            |                   |                                 |   |   | 5,023  |
| Total general revenues           |                   |                                 |   |   | <u>381,755</u>   |
| Change in net position           |                   |                                 |   |   | 29,040   |
| Net position - Beginning of year |                   |                                 |   |   | <u>(5,407,071)</u>   |
| Net position - End of year       |                   |                                 |   |   | <u>\$ (5,378,031)</u>  |

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017**

|   | <b>General</b>   | <b>Debt<br/>Service</b> | <b>Capital<br/>Projects</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|------------------|-------------------------|-----------------------------|---|
| <b>ASSETS</b>   |                  |                         |                             |   |
| Cash and investments - unrestricted   | \$ 39,095        | \$ -                    | \$ -                        | \$ 39,095                               |
| Cash and investments - restricted   | -                | 529,259                 | 4,365                       | 533,624                                 |
| Due from County Treasurer   | 370              | 3,106                   | -                           | 3,476                                   |
| Property taxes receivable   | 35,701           | 332,098                 | -                           | 367,799                                 |
| <b>TOTAL ASSETS</b>   | <b>\$ 75,166</b> | <b>\$ 864,463</b>       | <b>\$ 4,365</b>             | <b>\$ 943,994</b>                       |
| <b>LIABILITIES , DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>     |                  |                         |                             |   |
| <b>LIABILITIES</b>  |                  |                         |                             |   |
| Accounts and wages payable  | \$ 3,449         | \$ -                    | \$ -                        | \$ 3,449                                |
| Total liabilities   | 3,449            | -                       | -                           | 3,449                                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                  |                         |                             |   |
| Deferred property tax revenues  | 35,701           | 332,098                 | -                           | 367,799                                 |
| Total deferred inflows of resources   | 35,701           | 332,098                 | -                           | 367,799                                 |
| <b>FUND BALANCES</b>  |                  |                         |                             |   |
| Spendable:  |                  |                         |                             |   |
| Restricted for emergencies  | 1,210            | -                       | -                           | 1,210                                   |
| Restricted for debt service   | -                | 532,365                 | -                           | 532,365                                 |
| Restricted for capital improvements   | -                | -                       | 4,365                       | 4,365                                   |
| Assigned for subsequent year's<br>expenditures                                | 31,820           | -                       | -                           | 31,820                                  |
| Unassigned  | 2,986            | -                       | -                           | 2,986                                   |
| Total fund balances   | 36,016           | 532,365                 | 4,365                       | 572,746                                 |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <b>\$ 75,166</b> | <b>\$ 864,463</b>       | <b>\$ 4,365</b>             |   |

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

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

|   |                       |
|---|-----------------------|
| Accrued bond interest payable           | (75,777)              |
| Bonds payable                           | (5,875,000)           |
|   | (5,950,777)           |
| Net position of governmental activities | <b>\$ (5,378,031)</b> |

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2017**

|  | <u>General</u>   | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|------------------|-------------------------|-----------------------------|---|
| <b>REVENUES</b>                          |                  |                         |                             |   |
| Property tax                             | \$ 35,346        | \$ 296,436              | \$ -                        | \$ 331,782                              |
| Specific ownership tax                   | 4,788            | 40,162                  | -                           | 44,950                                  |
| Net investment income                    | 6                | 4,969                   | 48                          | 5,023                                   |
| Total revenues                           | <u>40,140</u>    | <u>341,567</u>          | <u>48</u>                   | <u>381,755</u>                          |
| <b>EXPENDITURES</b>                      |                  |                         |                             |   |
| Current:                                 |                  |                         |                             |   |
| Accounting                               | 4,979            | -                       | -                           | 4,979                                   |
| Audit                                    | 3,500            | -                       | -                           | 3,500                                   |
| Legal                                    | 18,448           | -                       | -                           | 18,448                                  |
| Director's fees and payroll taxes        | 431              | -                       | -                           | 431                                     |
| Insurance and bonds                      | 2,497            | -                       | -                           | 2,497                                   |
| County Treasurer's fees                  | 530              | 4,447                   | -                           | 4,977                                   |
| Office supplies                          | 148              | -                       | -                           | 148                                     |
| Bank service charges                     | 120              | 617                     | 6                           | 743                                     |
| Dues and subscriptions                   | 317              | -                       | -                           | 317                                     |
| Debt service:                            |                  |                         |                             |   |
| Paying agent fees                        | -                | 4,500                   | -                           | 4,500                                   |
| Interest and fiscal charges              | -                | 260,250                 | -                           | 260,250                                 |
| Total expenditures                       | <u>30,970</u>    | <u>269,814</u>          | <u>6</u>                    | <u>300,790</u>                          |
| <b>NET CHANGE IN FUND BALANCES</b>       | 9,170            | 71,753                  | 42                          | 80,965                                  |
| <b>FUND BALANCES - BEGINNING OF YEAR</b> | 26,846           | 460,612                 | 4,323                       | 491,781                                 |
| <b>FUND BALANCES - END OF YEAR</b>       | <u>\$ 36,016</u> | <u>\$ 532,365</u>       | <u>\$ 4,365</u>             | <u>\$ 572,746</u>                       |

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

|   |                         |
|---|-------------------------|
| Net change in fund balances - Total governmental funds  | <u>\$ 80,965</u>        |
| <p>Long-term debt (e.g. bonds, loans) provide 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.</p> |                         |
| Change in interest bond interest payable  | <u>(51,925)</u>         |
|   | <u>(51,925)</u>         |
| Change in net position - Governmental activities  | <u><u>\$ 29,040</u></u> |

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

**CUCHARS RANCH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended December 31, 2017**

|   | <b>Original<br/>and Final<br/>Budgeted<br/>Amounts</b> | <b>Actual</b>    | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|---|--|------------------|---|
| <b>REVENUES</b>                         |  |                  |   |
| Property tax                            | \$ 35,346  | \$ 35,346        | \$ -  |
| Specific ownership tax                  | 3,920  | 4,788            | 868   |
| Net investment income                   | -  | 6                | 6   |
| Total revenues                          | <u>39,266</u>  | <u>40,140</u>    | <u>874</u>  |
| <b>EXPENDITURES</b>                     |  |                  |   |
| Accounting                              | 4,200  | 4,979            | (779)   |
| Audit                                   | 3,600  | 3,500            | 100   |
| Legal                                   | 20,500   | 18,448           | 2,052   |
| Director's fees and payroll taxes       | 1,100  | 431              | 669   |
| Insurance and bonds                     | 2,600  | 2,497            | 103   |
| County Treasurer's fees                 | 530  | 530              | -   |
| Office supplies                         | 120  | 148              | (28)  |
| Bank service charges                    | 120  | 120              | -   |
| Dues and subscriptions                  | 350  | 317              | 33  |
| Contingency                             | 27,290   | -                | 27,290  |
| Total expenditures                      | <u>60,410</u>  | <u>30,970</u>    | <u>29,440</u>   |
| <b>NET CHANGE IN FUND BALANCE</b>       | (21,144)   | 9,170            | 30,314  |
| <b>FUND BALANCE - BEGINNING OF YEAR</b> | 22,322   | 26,846           | 4,524   |
| <b>FUND BALANCE - END OF YEAR</b>       | <u>\$ 1,178</u>  | <u>\$ 36,016</u> | <u>\$ 34,838</u>  |

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

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Cuchares Ranch Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 20, 2007 and is governed pursuant to provisions of the Colorado Special District Act. The District's boundaries are located in El Paso County, Colorado. The District was established to provide financing for the construction, operation and maintenance of public infrastructure improvements within and without the District's boundaries. Since organization, all District services have been provided by the Colorado Centre Metropolitan District pursuant to an addendum to an inclusion agreement (See Note 5), or the County.

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

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

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

**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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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.

**CUCHARS RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 general obligation debt of the governmental funds.

The *Capital Projects Fund* accounts for the resources from bond proceeds that are to be used for capital improvements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Budgets**

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to adopt the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

For the year ended December 31, 2017, supplementary appropriations approved by the District modified the appropriation from \$268,197 to \$272,447 in the Debt Service Fund.

**Pooled Cash and Investments**

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

**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 certified by December 15 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 30 or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Fund Equity**

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**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 - unrestricted | \$ 39,095                |
| Cash and investments - restricted   | <u>533,624</u>           |
| Total cash and investments          | <u><u>\$ 572,719</u></u> |

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

**Cash Deposits**

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2017, the District's cash deposits with financial institutions that had a bank balance of \$44,836 and carrying balance of \$39,095.

**Investments**

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments. Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

- . Obligations of the United States and certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . 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

At December 31, 2017 the District had the following investments:

**COLOTRUST**

At December 31, 2017, the District has invested \$533,624 in the Colorado Local Government Liquid Asset Trust (the 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. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's.

**Investment Valuation**

Certain investments are required to be measured at fair value on a recurring basis and categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not categorized within the fair value hierarchy. Instead the District's investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Restricted Cash and Investments**

At December 31, 2017, the District reports cash and investments in the amount of \$533,624 held by the Debt Service and Capital Projects Funds as restricted. The amounts are restricted for debt service on the District's outstanding bonds and for capital improvements, respectively.

**NOTE 4 – LONG-TERM OBLIGATIONS**

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

|   | Balance<br>December 31,<br>2016 | Additions   | Retirements | Balance<br>December 31,<br>2017 | Current<br>Portion |
|---|---------------------------------|-------------|-------------|---------------------------------|--------------------|
| <b>Governmental Activities:</b>                               |                                 |             |             |                                 |                    |
| G.O. Limited Tax Refunding and Improvement Bonds Series 2016A | \$ 5,205,000                    | \$ -        | \$ -        | \$ 5,205,000                    | \$ 50,000          |
| Subordinate General Obligation Limited Tax Bonds Series 2016B | 670,000                         | -           | -           | 670,000                         | -                  |
|   | <u>\$ 5,875,000</u>             | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,875,000</u>             | <u>\$ 50,000</u>   |

**General Obligation Limited Tax Refunding and Improvement Bonds Series 2016A**

On March 8, 2016, the District issued \$5,205,000 General Obligation Limited Tax Refunding and Improvement Bonds, Series 2016A to reimburse a Developer-related entity for the costs of certain public improvements, pay the costs of issuance of the bonds, and pay the costs of refunding the General Obligation Limited Tax Capital Appreciation Bonds, Series 2011. The bonds are term bonds maturing on December 1, 2045 and bear interest at 5.000%. Interest is due to be paid semiannually on June 1 and December 1, beginning in 2016 through 2045. The bonds are subject to mandatory sinking fund redemption beginning in 2018 through 2044, with final non-sinking fund redemption in 2045. The bonds are subject to redemption prior to maturity on December 1, 2021, and on any date thereafter, upon payment of par, accrued interest and redemption premium as follows: 3.00% for dates of redemption December 1, 2021 to November 30, 2022; 2.00% for dates of redemption December 1, 2022 to November 30, 2023; 1.00% for dates of redemption December 1, 2023 to November 30, 2024; and no redemption premium on December 1, 2024 and thereafter.

In anticipation of the issuance of the 2016 bonds, the District and Developer entered into a Termination of Infrastructure Acquisition Agreement on February 11, 2016. The parties agreed that as long as the Developer received at least \$700,000 in net proceeds from the issuance of the bonds, the Infrastructure Acquisition Agreement, dated November 3, 2008, would be terminated. The terms of the Termination of Infrastructure Agreement were met and the Infrastructure Acquisition Agreement was terminated effective March 8, 2016, and all amounts due to the Developer under the Infrastructure Acquisition Agreement were written off by the Developer and are no longer owed by the District.

The Series 2016A Senior Bonds are limited tax general obligations of the District secured by and payable from the Senior Pledged Revenue consisting of moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Senior

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

The Series 2016A Senior Bonds are also secured by amounts held by the Trustee in the Senior Reserve Fund and Surplus Fund, if any.

The Senior Required Mill Levy is defined as follows:

- (a) Subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient, when combined with other legally available moneys then in the Senior Bond Fund (not including moneys in the Senior Reserve Fund or the Surplus Fund) to pay the principal of, premium if any, and interest on the Series 2016A Senior Bonds as the same become due and payable, and to fund the Senior Reserve Fund up to the Required Reserve, but (i) not in excess of forty-five (45) mills less the amount of the Operations Mill Levy, and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than forty-five (45) mills less the amount of the Operations Mill Levy, or such lesser mill levy which, when combined with other legally available moneys then in the Senior Bond Fund, will permit the District to fully fund the Senior Bond Fund for the next Senior Bond Year and pay the Series 2016A Senior Bonds as they come due, to fund the Senior Reserve Fund up to the Required Reserve, and to fund the Surplus Fund up to the Maximum Surplus Amount; provided, however, that in the event the method of calculating assessed valuation is or was changed on or after January 1, 2007, the mill levy provided in the Senior Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.
  
- (b) Notwithstanding anything in the Senior Indenture to the contrary, in no event may the Senior Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Senior Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Senior Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

(c)

The Operations Mill Levy is defined to mean, with respect to any particular levy year, the number of mills necessary to produce the dollar amount of the Operations Deduction for the collection year. The "Operations Deduction" is defined in the Indentures to mean the amount reasonably determined by the District as being necessary to pay the District's operations and maintenance expenses, but not in excess of the following: (i) for levy year 2015 (for collection in 2016), the amount of \$35,000, and (ii) for each levy year thereafter, the dollar amount produced in the prior year plus 1%.

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Subordinate General Obligation Limited Tax Bonds Series 2016B**

On March 8, 2016, the District issued \$670,000 Subordinate General Obligation Limited Tax Bonds, Series 2016B to reimburse a Developer-related entity for the costs of certain public improvements and pay the costs of issuance of the bonds. The bonds are term bonds maturing on December 15, 2045 bear interest at 7.750%. Interest is due to be paid annually on December 1, beginning in 2016 through 2045 and principal on December 31, 2045 to the extent of Subordinate Pledged Revenue.

Notwithstanding anything in the Subordinate Indenture to the contrary, all of the Series 2016B Subordinate Bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on December 16, 2056 (the "Termination Date"), regardless of the amount of principal and interest paid prior to the Termination Date; provided however, that the foregoing shall not relieve the District of the obligation to impose the Subordinate Required Mill Levy each year prior to the Termination Date and apply the Subordinate Pledged Revenue in the manner required in the Subordinate Indenture.

The bonds are subject to redemption prior to maturity on December 15, 2021, and on any date thereafter, upon payment of par, accrued interest and redemption premium as follows: 3.00% for dates of redemption December 15, 2021 to December 14, 2022; 2.00% for dates of redemption December 15, 2022 to December 14, 2023; 1.00% for dates of redemption December 15, 2023 to December 14, 2024; and no redemption premium on December 15, 2024 and thereafter.

The Series 2016B Subordinate Bonds are limited tax general obligations of the District secured by and payable from the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

The Subordinate Required Mill Levy is defined as follows:

- (a) Subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in the amount of (i) forty-five (45) mills less the amount of the Operations Mill Levy and the Senior Bond Mill Levy (discussed below), or (ii) such lesser mill levy which, after deduction of the Operations Mill Levy and the Senior Bond Mill Levy, and when combined with other Subordinate Pledged Revenue legally available in the Subordinate Bond Fund, will permit the District to fully fund the Subordinate Bond Fund for the next Subordinate Bond Year and pay all of the principal of and interest on the Series 2016B Subordinate Bonds in full; provided, however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2007, the mill levy provided in the Subordinate Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. It is the intent of the Subordinate Indenture that if the amount of the Senior Bond Mill Levy equals or exceeds forty-five (45)

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

mills less the amount of the Operations Mill Levy in any year, adjusted for changes in law as aforesaid, the Subordinate Required Mill Levy for that year shall be zero.

- (b) Notwithstanding anything in the Subordinate Indenture to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted By the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

The District's long-term obligations will mature as follows:

|           | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|-----------|---------------------|---------------------|----------------------|
| 2018      | \$ 50,000           | \$ 364,100 (A)      | \$ 414,100           |
| 2019      | 50,000              | 309,675             | 359,675              |
| 2020      | 60,000              | 307,175             | 367,175              |
| 2021      | 65,000              | 304,175             | 369,175              |
| 2022      | 75,000              | 300,925             | 375,925              |
| 2023-2027 | 455,000             | 1,444,125           | 1,899,125            |
| 2028-2032 | 690,000             | 1,308,125           | 1,998,125            |
| 2033-2037 | 980,000             | 1,107,875           | 2,087,875            |
| 2038-2042 | 1,350,000           | 827,875             | 2,177,875            |
| 2043-2045 | 2,100,000           | 321,025             | 2,421,025            |
|           | <u>\$ 5,875,000</u> | <u>\$ 6,595,075</u> | <u>\$ 12,470,075</u> |

(A) – Includes the unpaid 2017 interest on the Subordinate General Obligation Limited Tax Bonds Series 2016B in the amount of \$51,925.

The District's authorized but unissued debt at December 31, 2017 is as follows. The District does not anticipate issuing any of the authorized debt during 2018.

| <u>Purpose</u>        | <u>Amount<br/>Authorized<br/>11/4/2008</u> | <u>Amount<br/>Issued<br/>5/1/2012</u> | <u>Amount<br/>Issued<br/>3/8/2016</u> | <u>Amount<br/>Authorized<br/>But Unissued</u> |
|-----------------------|--|---------------------------------------|---------------------------------------|---|
| Water                 | \$ 4,000,000                               | \$ (1,042,169)                        | \$ (502,123)                          | \$ 2,455,708                                  |
| Sanitation            | 4,000,000                                  | (1,487,124)                           | (650,185)                             | 1,862,691                                     |
| Streets               | 4,000,000                                  | (1,845,724)                           | -                                     | 2,154,276                                     |
| Safety protection     | 4,000,000                                  | -                                     | -                                     | 4,000,000                                     |
| Park and recreation   | 4,000,000                                  | (169,983)                             | -                                     | 3,830,017                                     |
| Public transportation | 4,000,000                                  | -                                     | -                                     | 4,000,000                                     |
| Mosquito control      | 4,000,000                                  | -                                     | -                                     | 4,000,000                                     |
| Operations            | 4,000,000                                  | -                                     | -                                     | 4,000,000                                     |
| Refunding             | 4,000,000                                  | -                                     | (177,692)                             | 3,822,308                                     |
|                       | <u>\$ 36,000,000</u>                       | <u>\$ (4,545,000)</u>                 | <u>\$ (1,330,000)</u>                 | <u>\$ 30,125,000</u>                          |

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 5 – INTERGOVERNMENTAL AGREEMENTS**

On February 26, 2009, concurrent with the inclusion of properties into the Colorado Centre Metropolitan District (“CCMD”), the District and CCMD entered into an Addendum to Inclusion Petition Agreement (the “Addendum”). The Addendum provides, inter alia: 1) consent for the overlapping of district boundaries for the District and CCMD pursuant to §32-1-107(3), C.R.S.; 2) CCMD will provide all services to properties located within the District, absent separate agreement authorizing the provision of services by the District; 3) the District continues to be empowered to finance construct, acquire and install public improvements authorized under the District’s Service Plan, as amended, provided that such improvements are dedicated to other governmental entities for ongoing operation and maintenance; 4) CCMD will not object to the incurring of debt or other obligations or expenses for the benefit of the District to allow the District to finance, construct, acquire and install public improvements necessary to receive services by CCMD; and 5) in the event the District were required to consolidate with another district, the District agrees to continue to pay its outstanding general obligation debt, if any. The remaining provisions of the Addendum are terms, conditions and agreements between the Petitioners and CCMD and do not involve the District.

The District was initially organized pursuant to a service plan approved by the County on May 24, 2007, which service plan was amended in July 2008 (collectively, the “Original Service Plan”). The Original Service Plan was subsequently amended and superseded in its entirety on September 22, 2015 (as amended and currently exists, the “Service Plan”), to limit the District’s powers under Article 1 of Title 32, Colorado Revised Statutes, as amended (“C.R.S”) to the financing and refinancing the construction, acquisition, installation and replacement of water, wastewater, storm sewer and drainage, fire protection, streets, street lights, traffic signals, bridges, parks and recreation, mosquito control and safety protection facilities and improvements (the “Public Improvements”). Such Public Improvements, upon construction, are to be conveyed to Colorado Centre or another governmental entity for ownership, operation and maintenance. The District does not provide and has no responsibility to provide any utility services to its residents, as all such services, including water, wastewater, street lights, fire protection, trash collection, internet, and parks and recreation, are provided by Colorado Centre.

**NOTE 6 - FUND EQUITY**

At December 31, 2017, the District reported the following classifications of fund equity.

**Restricted Fund Balance**

The restricted fund balance in the amount of \$1,210 in the General Fund is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Debt Service Fund in the amount of \$532,365 is to be used exclusively for debt service requirements (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$4,365 is to be used for capital improvements.

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**Assigned Fund Balance**

The assigned fund balance in the General Fund in the amount of \$31,820 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

**NOTE 7 - NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted assets include net position 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:

|                      |                   |
|----------------------|-------------------|
| Restricted:          |                   |
| Emergencies          | \$ 1,210          |
| Debt service         | 456,588           |
| Capital improvements | <u>4,365</u>      |
|                      | <u>\$ 462,163</u> |

In the government-wide financial statements, the District's had an unrestricted net position deficit of \$5,840,194 as a result of capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

**NOTE 8 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, as amended from time to time, the District may be 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) as of December 31, 2017. 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, public officials' liability and workers compensation. 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.

**CUCHARES RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 9 - 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 that apply to the State of Colorado and all local governments.

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

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 4, 2008, the voters of the District authorized the District taxes to be increased by \$2,000,000 annually, or by such lesser annual amount necessary to pay the District's operations, maintenance, and other expenses, such amount to consist of an ad valorem mill levy imposed without limitation of rate. The proceeds of these taxes and the investment income thereon to be collected and spent by the District as a voter-approved revenue change in 2009 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes, and without limiting in any year the amount of other revenues that may be collected by the District.

Also on November 4, 2008, the voters of the District authorized the District to collect, retain and spending any and all amounts annually from any revenue sources, whatsoever other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, income, or charge imposed, collected, or authorized by law to be imposed or collected by the District. Such revenues to be collected and spent by the District as a voter-approved revenue changes without regard to any spending, revenue-raising, or other limitation within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

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

## **OTHER INFORMATION**

**CUCHARS RANCH METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
Year Ended December 31, 2017**

|   | <b>Original<br/>Budgeted<br/>Amounts</b> | <b>Final<br/>Budgeted<br/>Amounts</b> | <b>Actual</b>     | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|---|--|---------------------------------------|-------------------|---|
| <b>REVENUES</b>                         |  |                                       |                   |   |
| Property tax                            | \$ 296,436                               | \$ 296,436                            | \$ 296,436        | \$ -  |
| Specific ownership tax                  | 32,845                                   | 32,845                                | 40,162            | 7,317   |
| Net investment income                   | 1,800                                    | 1,800                                 | 4,969             | 3,169   |
| Total revenues                          | <u>331,081</u>                           | <u>331,081</u>                        | <u>341,567</u>    | <u>10,486</u>   |
| <b>EXPENDITURES</b>                     |  |                                       |                   |   |
| County Treasurer's fees                 | 4,447                                    | 4,447                                 | 4,447             | -   |
| Bank service charges                    | -  | 250                                   | 617               | (367)   |
| Bond interest                           | 260,250                                  | 260,250                               | 260,250           | -   |
| Paying agent fees                       | 500                                      | 4,500                                 | 4,500             | -   |
| Contingency                             | 3,000                                    | 3,000                                 | -                 | 3,000   |
| Total expenditures                      | <u>268,197</u>                           | <u>272,447</u>                        | <u>269,814</u>    | <u>2,633</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>       | 62,884                                   | 58,634                                | 71,753            | 13,119  |
| <b>FUND BALANCE - BEGINNING OF YEAR</b> | 501,164                                  | 460,612                               | 460,612           | -   |
| <b>FUND BALANCE - END OF YEAR</b>       | <u>\$ 564,048</u>                        | <u>\$ 519,246</u>                     | <u>\$ 532,365</u> | <u>\$ 13,119</u>  |

**CUCHARS RANCH METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
Year Ended December 31, 2017**

|   | <b>Original<br/>and Final<br/>Budgeted<br/>Amounts</b> | <b>Actual</b>   | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|---|--|-----------------|---|
| <b>REVENUES</b>                         |  |                 |   |
| Net investment income                   | \$ 30  | \$ 48           | \$ 18   |
| Total revenues                          | <u>30</u>  | <u>48</u>       | <u>18</u>   |
| <b>EXPENDITURES</b>                     |  |                 |   |
| Bank service charges                    | -  | 6               | (6)   |
| Capital outlay                          | <u>4,352</u>   | <u>-</u>        | <u>4,352</u>  |
| Total expenditures                      | <u>4,352</u>   | <u>6</u>        | <u>4,346</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>       | (4,322)  | 42              | 4,364   |
| <b>FUND BALANCE - BEGINNING OF YEAR</b> | <u>4,322</u>   | <u>4,323</u>    | <u>1</u>  |
| <b>FUND BALANCE - END OF YEAR</b>       | <u>\$ -</u>  | <u>\$ 4,365</u> | <u>\$ 4,365</u>   |

**SUPPLEMENTAL INFORMATION**

**CUCHARS RANCH METROPOLITAN DISTRICT**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
December 31, 2017

| Year Ending<br>December 31, | <b>\$5,205,000 General Obligation Limited<br/>Tax Refunding and Improvement Bonds,<br/>Series 2016 A, Dated March 8, 2016, Interest<br/>Rate 5.000%, Interest Due Semiannually on<br/>June 1 and December 1, Principal Due<br/>on December 1 (Mandatory Sinking Fund)</b> |                     |                      | <b>\$670,000 Subordinate General Obligation<br/>Limited Tax Bonds, Series 2016B,<br/>Dated March 8, 2016, Interest Rate 7.750%<br/>Interest Due Annually on December 15,<br/>Principal Due at Maturity on<br/>December 15, 2045</b> |                     |                     | <b>Total</b>        |                     |                      |
|-----------------------------|---|---------------------|----------------------|---|---------------------|---------------------|---------------------|---------------------|----------------------|
|                             | Principal   | Interest            | Total                | Principal   | Interest            | Total               | Principal           | Interest            | Total                |
| 2018                        | \$ 50,000   | \$ 260,250          | \$ 310,250           | \$ -  | \$ 103,850 (A)      | \$ 103,850          | \$ 50,000           | \$ 364,100          | \$ 414,100           |
| 2019                        | 50,000  | 257,750             | 307,750              | -   | 51,925              | 51,925              | 50,000              | 309,675             | 359,675              |
| 2020                        | 60,000  | 255,250             | 315,250              | -   | 51,925              | 51,925              | 60,000              | 307,175             | 367,175              |
| 2021                        | 65,000  | 252,250             | 317,250              | -   | 51,925              | 51,925              | 65,000              | 304,175             | 369,175              |
| 2022                        | 75,000  | 249,000             | 324,000              | -   | 51,925              | 51,925              | 75,000              | 300,925             | 375,925              |
| 2023                        | 75,000  | 245,250             | 320,250              | -   | 51,925              | 51,925              | 75,000              | 297,175             | 372,175              |
| 2024                        | 85,000  | 241,500             | 326,500              | -   | 51,925              | 51,925              | 85,000              | 293,425             | 378,425              |
| 2025                        | 90,000  | 237,250             | 327,250              | -   | 51,925              | 51,925              | 90,000              | 289,175             | 379,175              |
| 2026                        | 100,000   | 232,750             | 332,750              | -   | 51,925              | 51,925              | 100,000             | 284,675             | 384,675              |
| 2027                        | 105,000   | 227,750             | 332,750              | -   | 51,925              | 51,925              | 105,000             | 279,675             | 384,675              |
| 2028                        | 120,000   | 222,500             | 342,500              | -   | 51,925              | 51,925              | 120,000             | 274,425             | 394,425              |
| 2029                        | 125,000   | 216,500             | 341,500              | -   | 51,925              | 51,925              | 125,000             | 268,425             | 393,425              |
| 2030                        | 140,000   | 210,250             | 350,250              | -   | 51,925              | 51,925              | 140,000             | 262,175             | 402,175              |
| 2031                        | 145,000   | 203,250             | 348,250              | -   | 51,925              | 51,925              | 145,000             | 255,175             | 400,175              |
| 2032                        | 160,000   | 196,000             | 356,000              | -   | 51,925              | 51,925              | 160,000             | 247,925             | 407,925              |
| 2033                        | 170,000   | 188,000             | 358,000              | -   | 51,925              | 51,925              | 170,000             | 239,925             | 409,925              |
| 2034                        | 185,000   | 179,500             | 364,500              | -   | 51,925              | 51,925              | 185,000             | 231,425             | 416,425              |
| 2035                        | 195,000   | 170,250             | 365,250              | -   | 51,925              | 51,925              | 195,000             | 222,175             | 417,175              |
| 2036                        | 210,000   | 160,500             | 370,500              | -   | 51,925              | 51,925              | 210,000             | 212,425             | 422,425              |
| 2037                        | 220,000   | 150,000             | 370,000              | -   | 51,925              | 51,925              | 220,000             | 201,925             | 421,925              |
| 2038                        | 240,000   | 139,000             | 379,000              | -   | 51,925              | 51,925              | 240,000             | 190,925             | 430,925              |
| 2039                        | 250,000   | 127,000             | 377,000              | -   | 51,925              | 51,925              | 250,000             | 178,925             | 428,925              |
| 2040                        | 270,000   | 114,500             | 384,500              | -   | 51,925              | 51,925              | 270,000             | 166,425             | 436,425              |
| 2041                        | 285,000   | 101,000             | 386,000              | -   | 51,925              | 51,925              | 285,000             | 152,925             | 437,925              |
| 2042                        | 305,000   | 86,750              | 391,750              | -   | 51,925              | 51,925              | 305,000             | 138,675             | 443,675              |
| 2043                        | 320,000   | 71,500              | 391,500              | -   | 51,925              | 51,925              | 320,000             | 123,425             | 443,425              |
| 2044                        | 345,000   | 55,500              | 400,500              | -   | 51,925              | 51,925              | 345,000             | 107,425             | 452,425              |
| 2045                        | 765,000   | 38,250              | 803,250              | 670,000   | 51,925              | 721,925             | 1,435,000           | 90,175              | 1,525,175            |
|                             | <u>\$ 5,205,000</u>   | <u>\$ 5,089,250</u> | <u>\$ 10,294,250</u> | <u>\$ 670,000</u>   | <u>\$ 1,505,825</u> | <u>\$ 2,175,825</u> | <u>\$ 5,875,000</u> | <u>\$ 6,595,075</u> | <u>\$ 12,470,075</u> |

(A) - Includes unpaid interest from 2017 in the amount of \$51,925.

**CUCHARS RANCH METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION , MILL LEVY  
AND PROPERTY TAXES COLLECTED  
TOTAL DISTRICT  
Year Ended December 31, 2017**

| Year Ended<br>December 31,                           | Prior Year<br>Assessed<br>Valuation<br>for Current<br>Year Property<br>Tax Levy | Mills Levied |                 |            | Property Taxes |           | Percentage<br>Collected<br>to Levied |
|--|---|--------------|-----------------|------------|----------------|-----------|--------------------------------------|
|  |   | General      | Debt<br>Service | Total      | Levied         | Collected |                                      |
| 2009   | \$ 45,150   | 25.000       | 20.000          | 45.000     | \$ 2,032       | \$ 2,031  | 100.0%                               |
| 2010   | \$ 140,180  | 45.000       | 0.000           | 45.000     | \$ 6,308       | \$ 6,500  | 103.0%                               |
| 2011   | \$ 412,110  | 45.000       | 0.000           | 45.000     | \$ 18,545      | \$ 19,075 | 102.9%                               |
| 2012   | \$ 1,665,770  | 45.000       | 0.000           | 45.000     | \$ 74,960      | \$ 74,083 | 98.8%                                |
| 2013   | \$ 2,417,800  | 0.000        | 45.000          | 45.000     | \$108,801      | \$108,814 | 100.0%                               |
| 2014   | \$ 4,005,980  | 0.000        | 45.000          | 45.000     | \$180,269      | \$180,266 | 100.0%                               |
| 2015   | \$ 5,347,590  | 0.000        | 45.000          | 45.000     | \$240,642      | \$239,859 | 99.7%                                |
| 2016   | \$ 6,283,140  | 0.000        | 45.000          | 45.000     | \$282,741      | \$282,760 | 100.0%                               |
| 2017   | \$ 7,372,930  | 4.794        | 40.206          | 45.000     | \$331,782      | \$331,782 | 100.0%                               |
| Estimated for<br>year ending<br>December 31,<br>2018 | \$ 7,392,940  | 4.829 (A)    | 44.921 (A)      | 49.750 (A) | \$367,799      |           |                                      |

(A) - Mill levy adjusted for the effect of the Gallagher Amendment on the assessed value ratio.

**NOTE:** Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.