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**GREAT WESTERN METROPOLITAN**  
**DISTRICT NO. 5**  
*FINANCIAL STATEMENTS*  
*DECEMBER 31, 2017*

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Office of the State Auditor

July 27, 2018

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## Independent Auditors' Report

RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

1900 16<sup>th</sup> Street  
Suite 300  
Denver, CO 80202

T 303.698.1883  
F 303.777.4458

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

Board of Directors  
Great Western Metropolitan District No. 5  
Windsor, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Great Western Metropolitan District No. 5 (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 auditors' 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 thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule on pages i through vii and page 25, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedules on pages 26 and 27 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Report On Summarized Comparative Information*

We have previously audited the District's 2016 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated July 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

July 20, 2018

# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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## Management's Discussion And Analysis

As management of Great Western Metropolitan District No. 5 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017.

### Financial Highlights

- The difference between liabilities and deferred inflow of resources and assets was \$(14,280,374) at the end of the fiscal year. This deficit of net position is largely due to the District being responsible for the repayment of debt used for public improvements which are held by other governments.
- At December 31, 2017, the District's governmental funds reported combined ending fund balances of \$11,983
- Total net position decreased by \$255,717 at the end of the fiscal year. A significant portion of this decrease is due to the use of reserves to make debt service payments and an increase in accrued and non-paid bond interest.
- Total cash and investments decreased by \$36,910 as compared to 2016. This is largely due to the District's use of reserves to make debt service payments.
- Total revenues increased by \$28,903 as compared to 2016. This is primarily due to an increase in Service fees from District Nos. 6 and 7 by the District.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

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### Management's Discussion And Analysis (*Continued*)

The statement of net position presents information on all of the District's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by ad valorem taxes and service fees (governmental activities). The governmental activities of the District include the financing, construction of, and maintenance of governmental infrastructure including streets, water, sewer, storm, park and recreation, and transportation and traffic improvements constructed or acquired by the District.

The government-wide financial statements can be found on pages 4 - 5 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-side financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## GREAT WESTERN METROPOLITAN DISTRICT NO. 5

### Management's Discussion And Analysis (*Continued*)

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds — general fund, debt service fund, and capital projects fund — all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 6 - 7 of this report.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 9 - 24 of this report.

**Other Information.** The report includes individual fund schedules. A budgetary comparison statement has been provided in this section for the General Fund, Debt Service Fund and the Capital Projects Fund to demonstrate compliance with these budgets.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's liabilities and deferred inflows of resources exceeded assets by \$14,280,374 at the close of the most recent fiscal year.

|                                     | Net Position           |                        |
|-------------------------------------|------------------------|------------------------|
|                                     | December 31,           |                        |
|                                     | 2017                   | 2016                   |
| Current assets                      | \$ 9,859               | \$ 46,769              |
| Property taxes receivable           | 413,160                | 406,648                |
| Other assets                        | 7,127                  | 6,296                  |
| <b>Total Assets</b>                 | <b>430,146</b>         | <b>459,713</b>         |
| Current liabilities                 | 747,378                | 473,553                |
| Other liabilities                   | 424,982                | 389,169                |
| Long-term obligations               | 13,125,000             | 13,215,000             |
| <b>Total Liabilities</b>            | <b>14,297,360</b>      | <b>14,077,722</b>      |
| Total Deferred Inflows of Resources | 413,160                | 406,648                |
| Restricted                          | 11,983                 | -                      |
| Unrestricted                        | (14,292,357)           | (14,024,657)           |
| <b>Total Net Position</b>           | <b>\$ (14,280,374)</b> | <b>\$ (14,024,657)</b> |

## GREAT WESTERN METROPOLITAN DISTRICT NO. 5

### Management's Discussion And Analysis (Continued)

The District's current assets decreased \$36,910 mainly due to decreases in cash and investments. The cash and investments are mainly used to make debt payments.

|   | December 31,           |                        |
|---|------------------------|------------------------|
|   | 2017                   | 2016                   |
| <b>Revenue</b>                              |                        |                        |
| General revenues                            |                        |                        |
| Service Fees                                | \$ 667,457             | \$ 599,603             |
| Taxes                                       | 438,227                | 478,384                |
| Interest                                    | 3,317                  | 2,111                  |
| <b>Total Revenues</b>                       | <b>\$ 1,109,001</b>    | <b>\$ 1,080,098</b>    |
| <b>Expenses</b>                             |                        |                        |
| General Government                          | 67,949                 | 74,177                 |
| Principal payment on long-term debt         | -                      | 5,000                  |
| Interest on long-term debt                  | 1,259,909              | 1,237,024              |
| Operations allowance paid to District No. 1 | 36,860                 | 60,000                 |
| Payment to District No. 1                   | -                      | 14,360                 |
| <b>Total Expenses</b>                       | <b>1,364,718</b>       | <b>1,390,561</b>       |
| Change in Net Position                      | (255,717)              | (310,463)              |
| <b>Net Position - Beginning of Year</b>     | <b>(14,024,657)</b>    | <b>(13,714,194)</b>    |
| <b>Net Position - End of Year</b>           | <b>\$ (14,280,374)</b> | <b>\$ (14,024,657)</b> |

The District's main revenue sources for 2017 were revenues from property taxes and service fees. The interest and related costs on long-term debt include interest, principal, and trustee fees.

### Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflow, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$11,983. All of this fund balance was restricted for repayments on the District's outstanding debt at December 31, 2017.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

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### Management's Discussion And Analysis (*Continued*)

#### **General Fund Budgetary Highlights**

During the year ended December 31, 2017, the District incurred actual expenditures of \$62,709 in the General Fund. The difference between actual and budgeted expenditures of \$63,381 was \$672.

#### **Debt Service Fund Budgetary Highlights**

During the year ended December 31, 2017 the District incurred actual expenditures including transfers to District #1 of \$1,082,381 in the Debt Service Fund. The difference between the actual and budgeted expenditures of \$1,100,681 was \$18,300. The District budgeted in 2017 to make principal and interest payments totaling \$1,027,230 on its Long-Term Obligations but did not have sufficient funds available to make its current debt service repayment schedules.

#### **Long-Term Debt**

On November 1, 2010, the District issued Series 2010 General Obligation Developer Draw Down Bonds in the amount of \$4,000,000. Proceeds in the amount of \$750,000 were drawn at the time of closing, \$1,790,000 was drawn during 2011 and the final \$1,460,000 was drawn during 2012. Proceeds were used to reimburse the developer for public improvement costs and to construct public improvements. The bonds carry an interest rate of 9% due and payable semi-annually on June 1 and December 1. Principal payments are due annually beginning on December 1, 2015. The bond matures in November 2040.

On August 5, 2009, the District issue Limited Tax Supported Convertible Capital Appreciation Revenue Bonds Series 2009A-1 in the amount of \$4,999,962 with a final accreted value of \$5,145,000. The bonds converted, resulting in the accrual of additional interest at the conversion date. The bonds carry an interest rate of 9% due and payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1. The bonds mature in December 2039.

On August 5, 2009, the District issued Limited Tax Supported Convertible Capital Appreciation Revenue Bonds Series 2009A-2 in the amount of \$3,492,703 with a final accreted value of \$4,285,000. The bonds converted, resulting in the accrual of additional interest at the conversion date. On September 7, 2012, \$1,500,000 of the outstanding bonds were redeemed and canceled by issuing the 2012 Mezzanine Limited Tax Supported Revenue Bonds. The bonds carry an interest rate of 9% due and payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1. The bonds mature in December 2039.

On September 7, 2012, the District issued Mezzanine Limited Tax Supported Revenue Bonds Series 2012 in the amount of \$1,500,000. Proceeds of the bonds were used to provide funding for the subordination of \$1,500,000 aggregate principal amount of the

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

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### Management's Discussion And Analysis (*Continued*)

Series 2009A-2 bonds. The bonds carry an interest rate of 9% due and payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1. The bonds mature in November 2039. On December 23, 2014, the 2012 Mezzanine Bonds converted to 2012 Tax Supported Revenue Bonds, which are now on parity with the 2009A-1, 2009A-2 and 2010 bonds. No debt service payments were made on the 2012 Mezzanine Bonds prior to conversion.

On December 23, 2014, the 2012 Mezzanine Bonds converted to 2012 Tax Supported Revenue Bonds. Unpaid interest on the 2012 Mezzanine Bonds at the time of conversion ("Mezzanine Obligation") will remain subordinate to the 2009A-1, 2009 A-2, 2010 and 2012 Bonds. Unpaid interest shall compound semi-annually on each June 1 and December 1 at an interest rate of 9%. The District will not start making payments on the Mezzanine Obligation until such time that the current-year revenues are sufficient to cover the senior debt first. As of December 31, 2017, the Mezzanine Obligation is \$424,982.

At the end of the current fiscal year, the District had total outstanding bond indebtedness of \$13,390,000 and \$376,950 of unpaid bond interest. The District made a total of \$1,040,281 in payments towards current and prior year interest.

Additional information on the District's long-term debt can be found in Note 4 of this report.

### **Next Year's Budgets and Rates**

In 2018, budgeted expenditures for the General Fund are \$65,064 and are anticipated to be primarily funded by property tax revenues. The 2018, General fund budgeted expenditures are \$1,683 higher than 2017.

In 2018, budgeted expenditures for the Debt Service Fund are \$1,080,637 and are anticipated to be primarily funded by property tax revenues, service fee revenues and debt service surplus funds.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

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Management's Discussion And Analysis (*Continued*)

### **Requests for Information**

This financial report is designed to provide a general overview of the finances for Great Western Metropolitan District No. 5. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Great Western Metropolitan District No. 5, c/o Pinnacle Consulting Group, Inc., 550 West Eisenhower Blvd., Loveland, CO 80537.

# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

## STATEMENT OF NET POSITION

December 31, 2017

(With Comparative Information

As Of December 31, 2016)

|   | Governmental Activities |                        |
|---|-------------------------|------------------------|
|   | 2017                    | 2016                   |
| <b>Assets</b>                           |                         |                        |
| Investments                             | \$ 3,396                | \$ 2,455               |
| Restricted cash                         | 6,463                   | 44,314                 |
| Accounts receivable                     | 5,627                   | 4,796                  |
| Property taxes receivable               | 413,160                 | 406,648                |
| Other assets                            | 1,500                   | 1,500                  |
| <b>Total Assets</b>                     | <b>430,146</b>          | <b>459,713</b>         |
| <b>Liabilities</b>                      |                         |                        |
| Accounts payable                        | 833                     | 241                    |
| Due to other districts                  | 4,170                   | 4,752                  |
| Accrued interest                        | 477,375                 | 293,560                |
| Noncurrent liabilities:                 |                         |                        |
| Due within one year                     | 265,000                 | 175,000                |
| Due in more than one year               | 13,125,000              | 13,215,000             |
| Accrued interest - mezzanine obligation | 424,982                 | 389,169                |
| <b>Total Liabilities</b>                | <b>14,297,360</b>       | <b>14,077,722</b>      |
| <b>Deferred Inflows Of Resources</b>    |                         |                        |
| Unavailable property tax revenue        | 413,160                 | 406,648                |
| <b>Net Position</b>                     |                         |                        |
| Restricted                              | 11,983                  | 48,072                 |
| Unrestricted                            | (14,292,357)            | (14,072,729)           |
| <b>Total Net Position</b>               | <b>\$ (14,280,374)</b>  | <b>\$ (14,024,657)</b> |

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# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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## STATEMENT OF ACTIVITIES Year Ended December 31, 2017 (With Comparative Information For The Year Ended December 31, 2016)

|  | Governmental Activities |                        |
|--|-------------------------|------------------------|
|  | 2017                    | 2016                   |
| <b>Expenses</b>                            |                         |                        |
| General government                         | \$ 67,949               | \$ 74,177              |
| Operating allowance paid to District No. 1 | 36,860                  | 60,000                 |
| Interest on long-term debt                 | 1,259,909               | 1,242,024              |
| <b>Total Expenses</b>                      | <b>1,364,718</b>        | <b>1,376,201</b>       |
| <b>Revenues</b>                            |                         |                        |
| General revenues:                          |                         |                        |
| Service fees                               | 667,457                 | 599,603                |
| Taxes                                      | 438,227                 | 478,384                |
| Interest                                   | 3,317                   | 2,111                  |
| Transfer to District No. 1                 | —                       | (14,360)               |
| <b>Total Revenues</b>                      | <b>1,109,001</b>        | <b>1,065,738</b>       |
| <b>Change In Net Position</b>              | <b>(255,717)</b>        | <b>(310,463)</b>       |
| <b>Net Position - Beginning Of Year</b>    | <b>(14,024,657)</b>     | <b>(13,714,194)</b>    |
| <b>Net Position - End Of Year</b>          | <b>\$ (14,280,374)</b>  | <b>\$ (14,024,657)</b> |

# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

## BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2017 (With Comparative Information As Of December 31, 2016)

### Assets

|                           | General<br>Fund  | Debt<br>Service<br>Fund | Total<br>Governmental Funds |                |
|---------------------------|------------------|-------------------------|-----------------------------|----------------|
|                           |                  |                         | 2017                        | 2016           |
| Investments               | \$ 3,187         | \$ 209                  | \$ 3,396                    | \$ 2,455       |
| Restricted cash           | —                | 6,463                   | 6,463                       | 44,314         |
| Accounts receivable       | 316              | 5,311                   | 5,627                       | 4,796          |
| Property taxes receivable | 59,023           | 354,137                 | 413,160                     | 406,648        |
| Other assets              | 1,500            | —                       | 1,500                       | 1,500          |
| <b>Total Assets</b>       | <b>\$ 64,026</b> | <b>\$ 366,120</b>       | <b>430,146</b>              | <b>459,713</b> |

### Liabilities, Deferred Inflows And Fund Balance

|   |                  |                   |               |               |
|---|------------------|-------------------|---------------|---------------|
| <b>Liabilities</b>  |                  |                   |               |               |
| Accounts payable  | \$ 833           | \$ —              | 833           | 241           |
| Due to other districts  | 4,170            | —                 | 4,170         | 4,752         |
| <b>Total Liabilities</b>  | <b>5,003</b>     | <b>—</b>          | <b>5,003</b>  | <b>4,993</b>  |
| <b>Deferred Inflows Of Resources</b>                            |                  |                   |               |               |
| Unavailable property tax revenue                                | 59,023           | 354,137           | 413,160       | 406,648       |
| <b>Fund Balance</b>   |                  |                   |               |               |
| Restricted for debt service                                     | —                | 11,983            | 11,983        | 13,839        |
| Restricted for capital projects                                 | —                | —                 | —             | 34,233        |
| <b>Total Fund Balance</b>                                       | <b>—</b>         | <b>11,983</b>     | <b>11,983</b> | <b>48,072</b> |
| <b>Total Liabilities, Deferred Inflows<br/>And Fund Balance</b> | <b>\$ 64,026</b> | <b>\$ 366,120</b> |               |               |

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

Some liabilities are not due and payable in the current period and are not  
included in the fund financial statement, but are included in the governmental  
activities section of the statement of net position. As of December 31, 2017,  
these include bonds payable (\$13,390,000) and accrued interest (\$902,357).

(14,292,357) (14,072,729)

**Net Position Of Governmental Activities**

**\$ (14,280,374) \$ (14,024,657)**

# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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

For The Year Ended December 31, 2017  
(With Summarized Comparative Information  
For The Year Ended December 31, 2016)

|  | General<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Total<br>Governmental Funds |                  |
|--|-----------------|-------------------------|-----------------------------|-----------------------------|------------------|
|  |                 |                         |                             | 2017                        | 2016             |
| <b>Revenues</b>  |                 |                         |                             |                             |                  |
| Property taxes   | \$ 58,093       | \$ 348,555              | \$ —                        | \$ 406,648                  | \$ 450,075       |
| Specific ownership taxes   | 4,511           | 27,068                  | —                           | 31,579                      | 28,309           |
| Service fees from District Nos. 6 and 7                          | —               | 667,457                 | —                           | 667,457                     | 599,603          |
| Interest and other income  | 105             | 2,990                   | 222                         | 3,317                       | 2,111            |
| <b>Total Revenues</b>  | <b>62,709</b>   | <b>1,046,070</b>        | <b>222</b>                  | <b>1,109,001</b>            | <b>1,080,098</b> |
| <b>Expenditures</b>  |                 |                         |                             |                             |                  |
| Current:   |                 |                         |                             |                             |                  |
| General government   | 62,709          | 5,240                   | —                           | 67,949                      | 74,177           |
| Debt service:  |                 |                         |                             |                             |                  |
| Principal  | —               | —                       | —                           | —                           | 5,000            |
| Interest   | —               | 1,040,281               | —                           | 1,040,281                   | 1,016,846        |
| <b>Total Expenditures</b>  | <b>62,709</b>   | <b>1,045,521</b>        | <b>—</b>                    | <b>1,108,230</b>            | <b>1,096,023</b> |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenses</b> | <b>—</b>        | <b>549</b>              | <b>222</b>                  | <b>771</b>                  | <b>(15,925)</b>  |
| <b>Other Financing Sources (Uses)</b>                            |                 |                         |                             |                             |                  |
| Operating allowance to District No. 1                            | —               | (36,860)                | —                           | (36,860)                    | (60,000)         |
| Transfers between funds  | —               | 34,455                  | (34,455)                    | —                           | —                |
| Transfer to District No. 1                                       | —               | —                       | —                           | —                           | (14,360)         |
| <b>Total Other Financing<br/>Sources (Uses)</b>                  | <b>—</b>        | <b>(2,405)</b>          | <b>(34,455)</b>             | <b>(36,860)</b>             | <b>(74,360)</b>  |
| <b>Net Change In Fund Balances</b>                               | <b>—</b>        | <b>(1,856)</b>          | <b>(34,233)</b>             | <b>(36,089)</b>             | <b>(90,285)</b>  |
| <b>Fund Balances - Beginning Of Year</b>                         | <b>—</b>        | <b>13,839</b>           | <b>34,233</b>               | <b>48,072</b>               | <b>138,357</b>   |
| <b>Fund Balance - End Of Year</b>                                | <b>\$ —</b>     | <b>\$ 11,983</b>        | <b>\$ —</b>                 | <b>\$ 11,983</b>            | <b>\$ 48,072</b> |

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**GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2017**

|   |                            |
|---|----------------------------|
| <b>Net Changes In Fund Balances - Total Governmental Funds</b>  | \$ (36,089)                |
| Amounts reported for governmental activities in the statement of activities are different because:  |                            |
| Some expenses reported in the statement of net activities do not require the use of current financial resources and, therefore, are not reported as an expenditure on the government funds: |                            |
| This amount is the increase in accrued interest for the year.   | <u>(219,628)</u>           |
| <b>Change In Net Position Of Governmental Activities</b>  | <u><u>\$ (255,717)</u></u> |

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# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### 1. Summary Of Significant Accounting Policies

The Great Western Metropolitan District No. 5 (the District) was formed to provide public services and improvements for the District and surrounding area within its boundaries. The District is governed by a five-member Board of Directors elected by the constituents.

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies:

#### **Reporting Entity**

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

The District was formed in conjunction with Great Western Metropolitan District Nos. 1, 2, 3, 4, 6 and 7. Great Western Metropolitan District No. 1 was established as the Service District. Great Western Metropolitan District Nos. 2 - 7 were established as the Financing Districts. The District currently holds all of the authorized and issued debt for all seven districts.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity, nor is the District a component unit of any other primary governmental entity.

**Government-Wide And Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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.

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

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### Notes To Financial Statements (*Continued*)

Property taxes, specific ownership taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the repayment of principle and interest for the servicing of the District's debt.

The *Capital Projects Fund* accounts for the acquisition and construction of capital assets.

### **Investments**

Investments are recorded at fair value in accordance with the Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*.

### **Capital Assets**

Capital assets, which include property and equipment, are reported in the 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 and an estimated useful life in excess of one year. 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.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

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### Notes To Financial Statements (*Continued*)

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

The District does not own any capital assets, as they are all dedicated to the Town of Windsor upon completion of the development.

#### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Net Position/Fund Balance Classification**

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed or imposed by law through constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Restricted* - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified reserves as being restricted for the Debt Service and Capital Projects Fund balances because their use is restricted for the repayment of long-term debt and capital outlay, respectively.

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

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### Notes To Financial Statements (*Continued*)

- *Committed* - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned* - This classification includes amounts the Board of Directors intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned* - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes the negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balances.

#### **Deferred Outflows/Inflows Of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Comparative Data**

The basic financial statements include certain prior-year partial comparative information in total, but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

**Reclassifications**

Certain amounts in fiscal 2016 have been reclassified to conform to the presentation used in the financial statements for the year ended December 31, 2017. The reclassifications have not changed the net position.

**2. Stewardship, Compliance And Accountability**

**Budgets And Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15, District management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

**3. Cash And Investments**

A summary of investments as of December 31, 2017 follows:

|                           |                        |
|---------------------------|------------------------|
| Money market mutual funds | \$ 6,463               |
| Investment pool           | <u>3,396</u>           |
| <b>Total</b>              | <b><u>\$ 9,859</u></b> |

Cash and investments are reported in the financial statements as follows:

|   |                        |
|---|------------------------|
| Investments                                 | \$ 3,396               |
| Restricted cash - money market mutual funds | <u>6,463</u>           |
| <b>Total</b>                                | <b><u>\$ 9,859</u></b> |

**Deposits**

***Custodial Credit Risk - Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2017, the District had no deposits in excess of Federal Deposit Insurance Corporation limits in financial institutions.

**Investments**

***Interest Rate Risk***

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

Colorado statutes specify in which instruments the units of local government may invest, which includes:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

The District had \$3,396 in Colorado Government Liquid Asset Trust (COLOTRUST) as of December 31, 2017. COLOTRUST is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund, and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAA by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. COLOTRUST financial statements may be obtained at [www.colotrust.com](http://www.colotrust.com).

## GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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### Notes To Financial Statements (Continued)

The table below summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2017 and 2016. There are not participant redemption restrictions for these investments.

| <u>Investment</u> | <u>Fair Value</u> | <u>Fair Value</u> | <u>Unfunded</u>   | <u>Redemption</u> | <u>Redemption</u>    |
|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
|                   | <u>2017</u>       | <u>2016</u>       | <u>Commitment</u> | <u>Frequency</u>  | <u>Notice Period</u> |
| COLOTRUST         | \$ 3,396          | \$ 2,455          | n/a               | daily             | n/a                  |

### Restricted Cash

Cash in money market mutual funds at a financial institution in the amount of \$6,463 is restricted for debt service in the Debt Service Fund.

## 4. Long-Term Debt

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2017.

|                                  | <u>Balance</u>       |                  |                 | <u>Balance</u>       | <u>Due In</u>     |
|----------------------------------|----------------------|------------------|-----------------|----------------------|-------------------|
|                                  | <u>December 31,</u>  | <u>Additions</u> | <u>Payments</u> | <u>December 31,</u>  | <u>One Year</u>   |
|                                  | <u>2016</u>          |                  |                 | <u>2017</u>          |                   |
| 2010 Draw Down Bonds             | \$ 3,990,000         | \$ —             | \$ —            | \$ 3,990,000         | \$ 20,000         |
| Revenue Bonds, Series 2009A-1    | 5,120,000            | —                | —               | 5,120,000            | 125,000           |
| Revenue Bonds, Series 2009A-2    | 2,780,000            | —                | —               | 2,780,000            | 25,000            |
| 2012 Tax Supported Revenue Bonds | 1,500,000            | —                | —               | 1,500,000            | 95,000            |
| <b>Total</b>                     | <b>\$ 13,390,000</b> | <b>\$ —</b>      | <b>\$ —</b>     | <b>\$ 13,390,000</b> | <b>\$ 265,000</b> |

**Series 2010 G.O. Developer Draw Down Bonds**

On November 1, 2010, the District issued Series 2010 General Obligation Developer Draw Down Bonds in the amount of \$4,000,000. Proceeds in the amount of \$750,000 were drawn at the time of closing, \$1,790,000 was drawn during 2011 and the final \$1,460,000 was drawn during 2012. Proceeds were used to construct public improvements and to reimburse the developer for public improvement costs. The bonds carry an interest rate of 9% due and payable semi-annually on June 1 and December 1. Principal payments are due annually beginning on December 1, 2015. The bonds mature in November 2040. Repayment of the bonds is contingent upon the availability of legal revenues collected for such purpose, and the bonds are on parity with the 2009A-1 and 2009A-2 bonds. To the extent principal of the bonds is not paid when due, such principal shall remain outstanding until paid, and to the extent interest on the bonds is not paid when due, such unpaid interest shall compound semi-annually on June 1 and December 1 at 9% until paid. For the year ended December 31, 2017, the District was scheduled to make principal payments of \$10,000 and interest payments of \$359,100. The District made no scheduled principal payments, resulting in a shortage of \$10,000 from what was originally scheduled. The cumulative shortage of principal on this obligation is \$10,000. The District made interest payments totaling \$334,098, resulting in a cumulative shortage of \$30,728 in interest from what was originally scheduled.

**Convertible Capital Appreciation Revenue Bonds, Series 2009A-1**

On August 5, 2009, the District issued Limited Tax Supported Convertible Capital Appreciation Revenue Bonds Series 2009A-1 in the amount of \$4,999,962 with a final accreted value of \$5,145,000. The bonds converted, resulting in the accrual of additional interest at the conversion date. Proceeds were used to construct public improvements and to reimburse the developer for public improvement costs. The bonds carry an interest rate of 9% due and payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1. The bonds mature in August 2039. Repayment of the bonds is contingent upon the availability of legal revenues, including specifically levied property taxes and the related specific ownership taxes, net of related costs, collected for such purpose. To the extent principal of the bonds is not paid when due, such principal shall remain outstanding until paid, and to the extent interest on the bonds is not paid when due, such unpaid interest shall compound semi-annually on June 1 and December 1 at 9% until paid. For the year ended December 31, 2017, the District was scheduled to make principal payments of \$30,000 and interest payments of \$460,800. The District made no principal payments resulting in a shortage of \$30,000 in 2017 and a \$80,000 cumulative shortage in principal from what was originally scheduled. The District made interest payments totaling \$384,645, resulting in a shortage of \$76,156 in 2017 and a cumulative shortage in interest of \$188,596 from what was originally scheduled.

**Convertible Capital Appreciation Revenue Bonds, Series 2009A-2**

On August 5, 2009, the District issued Limited Tax Supported Convertible Capital Appreciation Revenue Bonds Series 2009A-2 in the amount of \$3,492,703 with a final accreted value of \$4,285,000. The bonds converted, resulting in the accrual of additional interest at the conversion date. Proceeds were used to construct public improvements and to reimburse the developer for public improvement costs. On September 7, 2012, \$1,500,000 of the outstanding bonds were redeemed and canceled by issuing the 2012 Mezzanine Limited Tax Supported Revenue Bonds. The bonds carry an interest rate of 9% due and payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1. The bonds mature in August 2039. Repayment of the bonds is contingent upon the availability of legal revenues, including specifically levied property taxes and the related specific ownership taxes, net of related costs, collected for such purpose. To the extent principal of the bonds is not paid when due, such principal shall remain outstanding until paid, and to the extent interest on the bonds is not paid when due, such unpaid interest shall compound semi-annually on June 1 and December 1 at 9% until paid. For the year ended December 31, 2017, the District was scheduled to make principal payments of \$10,000 and interest payments of \$250,200. The District made no principal payments, resulting in a shortage of \$10,000 in 2017 and a \$15,000 cumulative shortage on the outstanding principal balance. The District made interest payments totaling \$208,850 on scheduled payments of \$250,200, resulting in a shortage of \$41,350 in 2017 and a cumulative shortage in interest of \$102,372 from what was originally scheduled.

**2012 Tax Supported Revenue Bonds**

On September 7, 2012, the District issued Mezzanine Limited Tax Supported Revenue Bonds Series 2012 in the amount of \$1,500,000. Proceeds of the bonds were used to provide funding for the subordination of \$1,500,000 aggregate principal amount of the Series 2009A-2 bonds. The bonds carry an interest rate of 9% due and payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1. The bonds mature in November 2039. On December 23, 2014, the 2012 Mezzanine Bonds converted to 2012 Tax Supported Revenue Bonds, which are now on parity with the 2009A-1, 2009A-2 and 2010 bonds. No debt service payments were made on the 2012 Mezzanine Bonds prior to conversion. Repayment of the bonds is contingent upon the availability of legal revenues, including specifically levied property taxes and the related specific ownership taxes, net of related costs, collected for such purpose. To the extent principal of the bonds is not paid when due, such principal shall remain outstanding until paid, and to the extent interest on the bonds is not paid when due, such unpaid interest shall compound semi-annually on June 1 and December 1 at 9% until paid. For the year ended December 31, 2017, the District was scheduled to make principal payments of \$20,000 and interest payments of \$135,000. The District made no principal payments, resulting in a \$20,000 shortage in 2017 and a \$70,000 cumulative shortage on the outstanding principal balance. The District made interest payments totaling \$112,688, resulting in a shortage of \$22,312 in 2017 and a cumulative shortage in interest of \$55,254 from what was originally scheduled.

**Mezzanine Obligation**

On December 23, 2014, the 2012 Mezzanine Bonds converted to 2012 Tax Supported Revenue Bonds. Unpaid interest on the 2012 Mezzanine Bonds at the time of conversion (the Mezzanine Obligation) will remain subordinate to the 2009A-1, 2009A-2, 2010 and 2012 Bonds. Unpaid interest shall compound semi-annually on each June 1 and December 1 at an interest rate of 9%. The District will not start making payments on the Mezzanine Obligation until such time that the current-year revenues are sufficient to cover the senior debt first. Repayment of the Mezzanine Obligation is contingent upon the availability of legal revenues, including specifically levied property taxes and the related specific ownership taxes, net of related costs, collected for such purpose. As of December 31, 2017, the Mezzanine Obligation is \$424,982.

## GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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### Notes To Financial Statements (Continued)

Estimated annual debt service requirements for the bonds are as follows:

| <u>Year Ended December 31, 2017</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|-------------------------------------|----------------------|----------------------|----------------------|
| 2016 obligation not paid            | \$ 105,000           | \$ 210,907           | \$ 315,907           |
| 2017 obligation not paid            | 70,000               | 166,043              | 236,043              |
| 2018                                | 90,000               | 1,189,350            | 1,279,350            |
| 2019                                | 105,000              | 1,181,250            | 1,286,250            |
| 2020                                | 135,000              | 1,171,800            | 1,306,800            |
| 2021                                | 145,000              | 1,159,650            | 1,304,650            |
| 2022                                | 190,000              | 1,146,600            | 1,336,600            |
| 2023 - 2027                         | 1,400,000            | 5,428,350            | 6,828,350            |
| 2028 - 2032                         | 2,575,000            | 4,606,650            | 7,181,650            |
| 2033 - 2037                         | 4,390,000            | 3,148,650            | 7,538,650            |
| 2038 - 2040                         | 4,185,000            | 756,450              | 4,941,450            |
| <b>Total</b>                        | <b>\$ 13,390,000</b> | <b>\$ 20,165,700</b> | <b>\$ 33,555,700</b> |

During the year ended December 31, 2017, the District received \$579,946 in service fees from District No. 6 and \$87,511 in service fees from District No. 7. These service fees were received as pledged revenue to pay for debt service costs.

The District does not have a revenue base sufficient to meet the current debt service repayment schedules. The developer recognizes the debt service repayment shortfalls and is seeking opportunities to increase the revenue base.

## 5. Related Parties

All five of the members of the Board of Directors are employees, owners or otherwise associated with the developer and have disclosed any potential conflicts of interest in taking action on matters brought before the Board. The 2012 bonds are owned by the individual who owns the developing entity.

## GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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### Notes To Financial Statements (Continued)

#### 6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool (the Pool). The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the Pool. The District funds its Pool contributions, outside insurance purchases, deductibles and uninsured losses through the General Fund.

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

#### 7. Debt Authorization

On November 6, 2007, a majority of the qualified electors of District Nos. 1 - 6 and, on May 6, 2008, a majority of the qualified electors of District No. 7, approved the issuance of general obligation indebtedness as follows:

|  | <b>Authorized</b>     | <b>Authorization<br/>Issued By<br/>District No. 5</b> | <b>Principal Amount<br/>Of Authorization<br/>Remaining</b> |
|--|-----------------------|---|--|
| Streets                                | \$ 60,000,000         | \$ 3,967,696  | \$ 56,032,304  |
| Water                                  | 60,000,000            | 3,100,195   | 56,899,805   |
| Sanitation                             | 60,000,000            | 4,837,290   | 55,162,710   |
| Parks and recreation                   | 60,000,000            | 380,171   | 59,619,829   |
| Traffic and safety control             | 60,000,000            | —   | 60,000,000   |
| Transportation                         | 60,000,000            | —   | 60,000,000   |
| TV relay                               | 60,000,000            | —   | 60,000,000   |
| Mosquito control                       | 60,000,000            | —   | 60,000,000   |
| Security                               | 60,000,000            | —   | 60,000,000   |
| Refunding                              | 120,000,000           | 1,500,000   | 118,500,000  |
| Operations and maintenance             | 1,000,000             | —   | 1,000,000  |
| Capital and operations and maintenance | 61,000,000            | —   | 61,000,000   |
| Reimbursement agreements               | 61,000,000            | —   | 61,000,000   |
| Construction management agreements     | 60,000,000            | —   | 60,000,000   |
| <b>Total</b>                           | <b>\$ 843,000,000</b> | <b>\$ 13,785,352</b>                                  | <b>\$ 829,214,648</b>                                      |

## **GREAT WESTERN METROPOLITAN DISTRICT NO. 5**

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### Notes To Financial Statements (*Continued*)

As of December 31, 2017, the District's Service Plan includes a debt authorization limit of \$62,000,000 for all Districts. As of December 31, 2017, the amount of debt authorized but unissued was \$49,507,334. The District intends to issue over time a part 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. In addition to the amounts issued above, the District has \$33,902 of unallocated and unspent bond proceeds, \$79,591 of authorized bonds that have been used for bond issuances costs and \$127,723 of funds used for bond repayments, but are not allocated in the table above. The general obligation debt is to be paid for with property taxes milled and payable to the District from District Nos. 6 and 7.

|  |    |              |                   |
|--|----|--------------|-------------------|
| Debt authorization limitation            |    | \$           | 62,000,000        |
| Authorization issued by District No. 5   | \$ | (13,785,352) |                   |
| Unallocated but issued debt              |    | (207,314)    |                   |
| Refunding                                |    | 1,500,000    | (12,492,666)      |
| <b>Remaining Authorized But Unissued</b> |    | <b>\$</b>    | <b>49,507,334</b> |

### **8. Deficit Net Position**

As of December 31, 2017, the District had a government-wide net position deficit of \$14,280,374. This deficit was created as the District issued bonds to reimburse the developer, as well as to construct capital assets by District No. 1. Capital assets constructed by District No. 1 are then dedicated to the Town of Windsor, Colorado.

### **9. Commitments And Contingencies**

Colorado voters passed the Taxpayer Bill of Rights (TABOR) Amendment (the Amendment) to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

### **10. Subsequent Events**

Subsequent to year end, the District paid all delinquent interest with the June 1, 2018 debt service payments on the 2009, 2010 and 2012 debt obligations.

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**Required Supplementary Information**

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# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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## GENERAL FUND - BUDGETARY COMPARISON SCHEDULE For The Year Ended December 31, 2017 (With Actual Comparative Information For The Year Ended December 31, 2016)

|   | 2017                            |               |                                    | 2016<br>Actual |
|---|---------------------------------|---------------|------------------------------------|----------------|
|   | Original<br>And Final<br>Budget | Actual        | Variance<br>Positive<br>(Negative) |                |
| <b>Revenues</b>                         |                                 |               |                                    |                |
| Property taxes                          | \$ 58,093                       | \$ 58,093     | \$ —                               | \$ 64,296      |
| Specific ownership taxes                | 2,788                           | 4,511         | 1,723                              | 4,044          |
| Interest and other income               | 2,500                           | 105           | (2,395)                            | 50             |
| <b>Total Revenues</b>                   | <b>63,381</b>                   | <b>62,709</b> | <b>(672)</b>                       | <b>68,390</b>  |
| <b>Expenditures</b>                     |                                 |               |                                    |                |
| Current:                                |                                 |               |                                    |                |
| General government:                     |                                 |               |                                    |                |
| Accounting and administration           | 62,510                          | 57,223        | 5,287                              | 61,802         |
| Office, dues and other                  | 871                             | 5,486         | (4,615)                            | 6,587          |
| <b>Total Expenditures</b>               | <b>63,381</b>                   | <b>62,709</b> | <b>672</b>                         | <b>68,389</b>  |
| <b>Net Change In Fund Balance</b>       | <b>—</b>                        | <b>—</b>      | <b>—</b>                           | <b>1</b>       |
| <b>Fund Balance - Beginning Of Year</b> | <b>—</b>                        | <b>—</b>      | <b>—</b>                           | <b>(1)</b>     |
| <b>Fund Balance - End Of Year</b>       | <b>\$ —</b>                     | <b>\$ —</b>   | <b>\$ —</b>                        | <b>\$ —</b>    |

Note: The basis for budgeting is GAAP. This schedule was prepared on the GAAP basis.

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## **Supplementary Information**

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# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

## DEBT SERVICE FUND - BUDGETARY COMPARISON SCHEDULE For The Year Ended December 31, 2017 (With Actual Comparative Information For The Year Ended December 31, 2016)

|  | 2017               |                  |                  |                                    | 2016<br>Actual   |
|--|--------------------|------------------|------------------|------------------------------------|------------------|
|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>Positive<br>(Negative) |                  |
| <b>Revenues</b>  |                    |                  |                  |                                    |                  |
| Property taxes   | \$ 348,555         | \$ 348,555       | \$ 348,555       | \$ —                               | \$ 385,779       |
| Specific ownership taxes                                     | 16,731             | 26,802           | 27,068           | 266                                | 24,265           |
| Service fees from District Nos. 6 and 7                      | 648,975            | 667,128          | 667,457          | 329                                | 599,603          |
| Interest and other income                                    | 500                | 10,000           | 2,990            | (7,010)                            | 1,731            |
| <b>Total Revenues</b>  | <b>1,014,761</b>   | <b>1,052,485</b> | <b>1,046,070</b> | <b>(6,415)</b>                     | <b>1,011,378</b> |
| <b>Expenditures</b>  |                    |                  |                  |                                    |                  |
| Current:   |                    |                  |                  |                                    |                  |
| General government   | 9,728              | 5,230            | 5,240            | (10)                               | 5,788            |
| Contingency  | —                  | 20,000           | —                | 20,000                             | —                |
| Debt service:  |                    |                  |                  |                                    |                  |
| Principal  | —                  | 10,000           | —                | 10,000                             | 5,000            |
| Interest   | 957,951            | 1,017,230        | 1,040,281        | (23,051)                           | 1,016,846        |
| <b>Total Expenditures</b>                                    | <b>967,679</b>     | <b>1,052,460</b> | <b>1,045,521</b> | <b>6,939</b>                       | <b>1,027,634</b> |
| <b>Shortage (Overage) Of Revenues<br/>Under Expenditures</b> | <b>47,082</b>      | <b>25</b>        | <b>549</b>       | <b>(524)</b>                       | <b>(16,256)</b>  |
| <b>Other Financing Sources</b>                               |                    |                  |                  |                                    |                  |
| Transfer between funds                                       |                    |                  |                  |                                    |                  |
| Transfer to Fund No. 1, operating allowance                  | (60,000)           | (48,223)         | (36,860)         | (11,363)                           | (60,000)         |
| Transfers between funds                                      | —                  | —                | —                | —                                  | 87,063           |
| Transfer from Capital Projects Fund                          | 12,918             | 34,359           | 34,455           | (96)                               | —                |
| <b>Total Other Financing<br/>Sources</b>                     | <b>(47,082)</b>    | <b>(13,864)</b>  | <b>(2,405)</b>   | <b>(11,459)</b>                    | <b>27,063</b>    |
| <b>Net Change In Fund Balance</b>                            | <b>—</b>           | <b>(13,839)</b>  | <b>(1,856)</b>   | <b>(11,983)</b>                    | <b>10,807</b>    |
| <b>Fund Balance - Beginning Of Year</b>                      | <b>—</b>           | <b>13,839</b>    | <b>13,839</b>    | <b>—</b>                           | <b>3,032</b>     |
| <b>Fund Balance - End Of Year</b>                            | <b>\$ —</b>        | <b>\$ —</b>      | <b>\$ 11,983</b> | <b>\$ (11,983)</b>                 | <b>\$ 13,839</b> |

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# GREAT WESTERN METROPOLITAN DISTRICT NO. 5

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## CAPITAL PROJECTS FUND - BUDGETARY COMPARISON SCHEDULE For The Year Ended December 31, 2017 (With Actual Comparative Information For The Year Ended December 31, 2016)

|   | 2017                            |                 |                                    |                  |
|---|---------------------------------|-----------------|------------------------------------|------------------|
|   | Original<br>And Final<br>Budget | Actual          | Variance<br>Positive<br>(Negative) | 2016<br>Actual   |
| <b>Revenues</b>                                 |                                 |                 |                                    |                  |
| Interest income                                 | \$ 25                           | \$ 222          | \$ 197                             | \$ 330           |
| <b>Excess Of Revenues Over<br/>Expenditures</b> | <b>25</b>                       | <b>222</b>      | <b>197</b>                         | <b>330</b>       |
| <b>Other Financing Sources (Uses)</b>           |                                 |                 |                                    |                  |
| Transfer between funds                          | (12,918)                        | (34,455)        | (21,537)                           | 87,063           |
| Transfer to District No. 1                      | (35,000)                        | —               | 35,000                             | 14,360           |
| <b>Total Other Financing Sources (Uses)</b>     | <b>(47,918)</b>                 | <b>(34,455)</b> | <b>13,463</b>                      | <b>101,423</b>   |
| <b>Net Change In Fund Balance</b>               | <b>(47,893)</b>                 | <b>(34,233)</b> | <b>(13,266)</b>                    | <b>(101,093)</b> |
| <b>Fund Balance - Beginning Of Year</b>         | <b>47,893</b>                   | <b>34,233</b>   | <b>(13,660)</b>                    | <b>135,326</b>   |
| <b>Fund Balance - End Of Year</b>               | <b>\$ —</b>                     | <b>\$ —</b>     | <b>\$ (26,926)</b>                 | <b>\$ 34,233</b> |