

LYONS RIDGE METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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September 6, 2018

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lyons Ridge Metropolitan District
Jefferson County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lyons Ridge 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 Lyons Ridge Metropolitan District, as of December 31, 2017, and the respective changes in financial position and the budgetary comparisons for the General Fund and the Architectural Control 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 Lyons Ridge Metropolitan District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – for the Debt Service and Capital Projects Funds (the Supplementary 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), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary 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 supplementary information 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.

Daggio & Associates, P.C.

September 5, 2018

BASIC FINANCIAL STATEMENTS

LYONS RIDGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 83,396
Cash and investments - Restricted	977,903
Receivable - County Treasurer	2,540
Property taxes receivable	518,616
Prepaid insurance	2,488
Warranty deposit	101,867
Capital assets being depreciated, net	1,784,003
Total assets	<u>3,470,813</u>
LIABILITIES	
Accounts payable	543,107
Security deposits	30,200
Accrued interest payable	22,542
Accrued non-use fee on loan	921
Noncurrent liabilities:	
Due in one year	142,580
Due in more than one year	6,681,375
Total liabilities	<u>7,420,725</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	518,616
Total deferred inflows of resources	<u>518,616</u>
NET POSITION	
Net investment in capital assets	173,576
Restricted for:	
Emergency reserves	2,800
Debt service	83,759
Unrestricted	(4,728,663)
Total net position	<u>\$ (4,468,528)</u>

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

**LYONS RIDGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 153,532	\$ 21,500	\$ -	\$ -	\$ (132,032)
Capital assets dedicated to other governments	4,388,788	-	-	-	(4,388,788)
Interest and related costs on long-term debt	229,627	-	-	-	(229,627)
	<u>\$ 4,771,947</u>	<u>\$ 21,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,750,447)</u>
General revenues:					
Property taxes					347,666
Specific ownership tax					33,654
Net investment income					9,680
Total general revenues					<u>391,000</u>
Change in net position					(4,359,447)
Net position - Beginning					(109,081)
Net position - Ending					<u>\$ (4,468,528)</u>

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

**LYONS RIDGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>General</u>	<u>Architectual Control</u>	<u>Montane Design Review Committee</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 14,609	\$ 22,982	\$ 45,805	\$ -	\$ -	83,396
Cash and investments - Restricted	2,000	200	600	335,032	640,071	977,903
Receivable from County	423	-	-	2,117	-	2,540
Property taxes receivable	86,436	-	-	432,180	-	518,616
Prepaid expenses	2,488	-	-	-	-	2,488
Warranty deposit	-	-	-	-	101,867	101,867
TOTAL ASSETS	<u>\$ 105,956</u>	<u>\$ 23,182</u>	<u>\$ 46,405</u>	<u>\$ 769,329</u>	<u>\$ 741,938</u>	<u>1,686,810</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 12,430	\$ 275	\$ 1,595	\$ -	\$ 528,807	543,107
Security deposits	-	200	30,000	-	-	30,200
Total liabilities	<u>12,430</u>	<u>475</u>	<u>31,595</u>	<u>-</u>	<u>528,807</u>	<u>573,307</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property tax revenue	<u>86,436</u>	<u>-</u>	<u>-</u>	<u>432,180</u>	<u>-</u>	<u>518,616</u>
Total deferred inflows of resources	<u>86,436</u>	<u>-</u>	<u>-</u>	<u>432,180</u>	<u>-</u>	<u>518,616</u>
FUND BALANCES						
Nonspendable for:						
Prepaid expenses	2,488	-	-	-	-	2,488
Restricted for:						
Emergencies (TABOR)	2,000	200	600	-	-	2,800
Debt service	-	-	-	337,149	-	337,149
Capital projects	-	-	-	-	213,131	213,131
Committed:						
Reserves	-	22,507	14,210	-	-	36,717
Unassigned	2,602	-	-	-	-	2,602
Total fund balances	<u>7,090</u>	<u>22,707</u>	<u>14,810</u>	<u>337,149</u>	<u>213,131</u>	<u>594,887</u>
TOTAL LIABILITIES, AND FUND BALANCES	<u>\$ 105,956</u>	<u>\$ 23,182</u>	<u>\$ 46,405</u>	<u>\$ 769,329</u>	<u>\$ 741,938</u>	

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

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

1,784,003

Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:

Accrued interest on Developer advance	(595)
Developer advance payable	(50,000)
Loan payable	(6,773,360)
Accrued interest payable	(22,542)
Accrued non-use fee payable	(921)

Net position of governmental activities

\$ (4,468,528)

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

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

	<u>General</u>	<u>Architectural Control</u>	<u>Montane Design Review Committee</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 57,944	\$ -	\$ -	\$ 289,722	\$ -	\$ 347,666
Specific ownership tax	5,609	-	-	28,045	-	33,654
Building permits	-	-	9,150	-	-	9,150
Landscaping fees	-	3,600	2,850	-	-	6,450
Minor application income	-	400	-	-	-	400
New development fees	-	-	5,500	-	-	5,500
Net investment income	7	-	-	9,644	29	9,680
Total revenues	<u>63,560</u>	<u>4,000</u>	<u>17,500</u>	<u>327,411</u>	<u>29</u>	<u>412,500</u>
EXPENDITURES						
Current						
Accounting	8,400	-	-	-	-	8,400
Audit	4,200	-	-	-	-	4,200
County Treasurer's fee	869	-	-	4,346	-	5,215
Dues and membership	605	-	-	-	-	605
Insurance and bonds	2,221	-	-	-	-	2,221
Legal	19,653	-	-	-	-	19,653
Miscellaneous	173	-	-	-	-	173
Operations and maintenance						
Maintenance	48,084	-	-	-	-	48,084
Miscellaneous landscaping	8,277	-	-	-	-	8,277
O&M labor	-	3,166	3,590	-	-	6,756
Utilities	7,834	-	-	-	-	7,834
Debt service						
Loan interest expense	-	-	-	218,500	-	218,500
Loan principal	-	-	-	110,000	-	110,000
Paying agent fees	-	-	-	3,000	-	3,000
Non-use fee	-	-	-	13,533	-	13,533
Capital outlay / expenditures	-	-	-	-	1,560,331	1,560,331
Total expenditures	<u>100,316</u>	<u>3,166</u>	<u>3,590</u>	<u>349,379</u>	<u>1,560,331</u>	<u>2,016,782</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(36,756)</u>	<u>834</u>	<u>13,910</u>	<u>(21,968)</u>	<u>(1,560,302)</u>	<u>(1,604,282)</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	-	-	-	1,656,307	1,656,307
Developer advance	50,000	-	-	-	-	50,000
Transfers in (out)	-	(900)	900	58,023	(58,023)	-
Total other financing sources (uses)	<u>50,000</u>	<u>(900)</u>	<u>900</u>	<u>58,023</u>	<u>1,598,284</u>	<u>1,706,307</u>
NET CHANGE IN FUND BALANCES	13,244	(66)	14,810	36,055	37,982	102,025
FUND BALANCES - BEGINNING OF YEAR	<u>(6,154)</u>	<u>22,773</u>	<u>-</u>	<u>301,094</u>	<u>175,149</u>	<u>492,862</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,090</u>	<u>\$ 22,707</u>	<u>\$ 14,810</u>	<u>\$ 337,149</u>	<u>\$ 213,131</u>	<u>\$ 594,887</u>

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

**LYONS RIDGE 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**

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

Net change in fund balances - Total governmental funds	\$	102,025
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Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital outlay - current year		1,560,331
Dedication of capital assets to other governments		(4,388,788)
Depreciation		(46,460)

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

Current year loan principal payment		110,000
Loan proceeds		(1,656,307)
Developer advances		(50,000)

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

Accrued interest on Developer advance - Change in liability		(595)
Accrued interest on loan - Change in liability		(6,269)
Accrued non-use fees - Change in liability		16,616

Changes in net position of governmental activities	\$	<u><u>(4,359,447)</u></u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**LYONS RIDGE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 57,412	\$ 57,412	\$ 57,944	\$ 532
Specific ownership tax	4,590	4,590	5,609	1,019
Net investment income	15	15	7	(8)
Total revenues	<u>62,017</u>	<u>62,017</u>	<u>63,560</u>	<u>1,543</u>
EXPENDITURES				
Current				
Accounting	9,000	9,000	8,400	600
Audit	4,000	4,200	4,200	-
County Treasurer's fee	870	870	869	1
Dues and membership	300	610	605	5
Insurance and bonds	2,200	2,300	2,221	79
Legal	6,000	25,000	19,653	5,347
Miscellaneous	120	220	173	47
Operations and maintenance				
Maintenance	30,000	35,000	48,084	(13,084)
Miscellaneous landscaping	-	5,000	8,277	(3,277)
Miscellaneous repairs	-	5,000	-	5,000
Snow and ice removal	-	5,000	-	5,000
Utilities	400	8,400	7,834	566
Total expenditures	<u>52,890</u>	<u>100,600</u>	<u>100,316</u>	<u>284</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>9,127</u>	<u>(38,583)</u>	<u>(36,756)</u>	<u>1,827</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	-	50,000	50,000	-
Total other financing sources (uses)	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	9,127	11,417	13,244	1,827
FUND BALANCES - BEGINNING OF YEAR				
	<u>1,754</u>	<u>(6,154)</u>	<u>(6,154)</u>	<u>-</u>
FUND BALANCES - END OF YEAR				
	<u>\$ 10,881</u>	<u>\$ 5,263</u>	<u>\$ 7,090</u>	<u>\$ 1,827</u>

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

**LYONS RIDGE METROPOLITAN DISTRICT
ARCHITECTURAL CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Building permits	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Fines	250	250	-	(250)
Landscaping fees	5,000	5,000	3,600	(1,400)
Minor application income	100	100	400	300
New development fees	200	200	-	(200)
Total revenues	<u>10,550</u>	<u>10,550</u>	<u>4,000</u>	<u>(6,550)</u>
EXPENDITURES				
Current				
Contingency	2,000	2,000	-	2,000
Miscellaneous	100	100	-	100
O&M labor	-	5,000	3,166	1,834
Total expenditures	<u>2,100</u>	<u>7,100</u>	<u>3,166</u>	<u>3,934</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,450	3,450	834	(10,484)
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	-	-	(900)	(900)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(900)</u>	<u>(900)</u>
NET CHANGE IN FUND BALANCES	8,450	3,450	(66)	(11,384)
FUND BALANCES - BEGINNING OF YEAR	<u>21,748</u>	<u>21,873</u>	<u>22,773</u>	<u>900</u>
FUND BALANCES - END OF YEAR	<u>\$ 30,198</u>	<u>\$ 25,323</u>	<u>\$ 22,707</u>	<u>\$ (10,484)</u>

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

**LYONS RIDGE METROPOLITAN DISTRICT
MONTANE DESIGN REVIEW COMMITTEE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Building permits	\$ -	\$ 4,200	\$ 9,150	\$ 4,950
Landscaping fees	-	700	2,850	2,150
New development fees	-	11,000	5,500	(5,500)
Total revenues	<u>-</u>	<u>15,900</u>	<u>17,500</u>	<u>1,600</u>
EXPENDITURES				
Current				
Contingency	-	5,000	-	5,000
O&M labor	-	-	3,590	(3,590)
Total expenditures	<u>-</u>	<u>5,000</u>	<u>3,590</u>	<u>1,410</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	10,900	13,910	190
OTHER FINANCING SOURCES (USES)				
Transfser in from other funds	-	-	900	900
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>900</u>	<u>900</u>
NET CHANGE IN FUND BALANCES	-	10,900	14,810	1,090
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>900</u>	<u>-</u>	<u>(900)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 11,800</u>	<u>\$ 14,810</u>	<u>\$ 190</u>

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

LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of Jefferson County on November 17, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Amended and Restated Service Plan dated May 28, 2010. The District's service area is located in Jefferson County, Colorado. The District was established to provide the following services: streets and drainage, water, sanitary sewer, parks and recreation, traffic safety protection, and public transportation.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

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.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

The Architectural Control Fund (special revenue fund) accounts for the resources accumulated and payments for services associated with design review and covenant enforcement within the Lyons Ridge community of the District.

The Montane Design Review Committee Fund (special revenue fund) accounts for the resources accumulated and payments for services associated with design review and covenant enforcement within the Montane community of the District.

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

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

LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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

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 fund's average equity balance in the total cash and investments.

Property Taxes

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

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

Capital Assets

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

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

It is the policy of the County to accept maintenance responsibility for all capital improvements within the County, except for certain landscaping improvements specified in the District's Service Plan, upon the District's completion and conveyance of such improvements provided they meet the County's specifications.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives as follows:

Drainage/detention improvements	25 years
Park and open space	15-35 years

Deferred Inflows of Resources

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

Equity

Net Position

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

LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

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

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	\$ 83,396
Cash and investments - Restricted	<u>977,903</u>
Total cash and investments	<u>\$ 1,061,299</u>

LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

Deposits with financial institutions	\$ 114,362
Investments	<u>946,937</u>
Total cash and investments	<u>\$ 1,061,299</u>

Deposits with Financial Institutions

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

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

As of December 31, 2017, the District's cash deposits had a bank balance of \$116,262 and a carrying balance of \$114,362.

Investments

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

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

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

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

As of December 31, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 697,652
Treasury Money Market Fund	Weighted average under 60 days	<u>249,285</u>
		<u>\$ 946,937</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

U.S. Treasury Money Market Fund

The debt service money that is included in the debt service reserve trust account at Zions Bank is invested in the JPMorgan 100% U.S. Treasury Securities Money Market Fund. This fund is a money market fund that is managed by JPMorgan and each share is equal in value to \$1.00. The funds are invested in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 180 days or less and repurchase agreements collateralized by U.S. Treasury obligations. The JPMorgan 100% U.S. Treasury Securities Money Market Fund is rated Aaa by Moody's. The Fund and the District record this investment using the net asset value method.

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance at December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Governmental activities				
Capital assets, not being depreciated				
Construction in progress	\$ 4,658,920	\$1,560,331	\$ 6,219,251	\$ -
Total capital assets, not being depreciated	<u>4,658,920</u>	<u>1,560,331</u>	<u>6,219,251</u>	<u>-</u>
Capital assets, being depreciated:				
Parks and open space	-	738,779	-	738,779
Bergen Ditch	-	388,145	-	388,145
Drainage and detention	-	703,539	-	703,539
Total capital assets, being depreciated	<u>-</u>	<u>1,830,463</u>	<u>-</u>	<u>1,830,463</u>
Less accumulated depreciation for:				
Parks and open space	-	(24,626)	-	(24,626)
Bergen Ditch	-	(7,763)	-	(7,763)
Drainage and detention	-	(14,071)	-	(14,071)
Total accumulated depreciation	<u>-</u>	<u>(46,460)</u>	<u>-</u>	<u>(46,460)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>1,784,003</u>	<u>-</u>	<u>1,784,003</u>
Total capital assets, net	<u>\$ 4,658,920</u>	<u>\$3,344,334</u>	<u>\$ 6,219,251</u>	<u>\$ 1,784,003</u>

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

During 2017, a significant portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records. There is a two year warranty period on the capital assets conveyed. The District anticipates that the costs, if any, associated with the warranty will be insignificant.

Depreciation expense of \$46,460 was charged to the general government function on the statement of activities.

NOTE 5 - LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
2015A Limited Tax					
General Obligation Loan	\$ 5,227,053	\$ 1,656,307	\$ 110,000	\$ 6,773,360	\$142,580
Developer advances					
Operating	-	50,000	-	50,000	-
Interest on Developer					
advances					
Operating	-	595	-	595	-
	<u>\$ 5,227,053</u>	<u>\$ 1,706,902</u>	<u>\$ 110,000</u>	<u>\$ 6,823,955</u>	<u>\$142,580</u>

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

Series 2015A - \$10,000,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Loan

On October 16, 2015, the District entered into the 2015A Loan Agreement (the Series 2015A Loan) with Zions Bank (successor of Vectra Bank) in an amount not to exceed \$10,000,000, with a maturity date of December 1, 2045. The interest rate is calculated as 3.25% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the Advance and is reset on December 1, 2020, and each five year anniversary of such date until maturity. Payments are due semi-annually on June 1 and December 1 of each year, commencing June 1, 2016, through December 1, 2045. Repayment of principal amounts commences on December 1, 2017. The District may prepay the outstanding principal commencing on the second anniversary with a 1% penalty. Prepayments may occur after the third anniversary without penalty. The Series 2015A Loan was executed to reimburse the Developer for infrastructure acquired by the District.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The District may make advance requests once each calendar year quarter in amounts not less than \$250,000, and not to exceed the aggregate amount of \$10,000,000. Loan advances and interest rates as of December 31, 2017 are as follows:

<u>Loan Date</u>	<u>Loan Amount</u>	<u>Interest</u>
October 16, 2015	\$ 4,233,646	3.6975%
August 10, 2016	413,522	3.6680%
November 1, 2016	618,533	3.6080%
February 23, 2017	293,303	4.0350%
June 6, 2017	725,369	3.9000%
November 22, 2017	637,635	4.0650%
	<u>\$ 6,922,008</u>	

The Series 2015A Loan is secured and payable from the Pledged Revenue, consisting of monies derived by property and specific ownership taxes, as derived by the debt mill levy, and any other legally available monies of the District credited to the Loan Fund. There is a \$200,000 reserve requirement, which has been met as of December 1, 2017.

Series 2015B - \$1,200,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Loan

On October 16, 2015, the District entered into the 2015B Loan Agreement (the Series 2015B Loan) with Zions Bank (successor of Vectra Bank) in an amount not to exceed \$1,200,000, with a maturity date of December 1, 2045. Estimated closing date is December 1, 2019. The interest rate is calculated as 3.25% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the Advance and is reset on December 1, 2020, and each five year anniversary of such date until maturity. Payments are due semi-annually on June 1 and December 1 of each year, commencing the first June 1 or December 1 after the date of the first advance through December 1, 2045. The Series 2015B Loan was executed to reimburse the Developer for infrastructure acquired by the District.

No loan advances have been requested on the Series 2015B Loan as of December 31, 2017. The District may make advance requests once each calendar year quarter in amounts not less than \$250,000, and not to exceed the maximum advance amount.

The Series 2015B Loan is secured and payable from the Pledged Revenue, consisting of monies derived by property taxes, specific ownership taxes, and any other legally available monies of the District credited to the Loan Fund. The Series 2015B Loan is parity debt to the Series 2015A Loan.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 142,580	\$ 270,499	\$ 413,079
2019	198,857	252,033	450,890
2020	205,307	245,001	450,308
2021	140,424	236,671	377,095
2022	150,118	231,334	381,452
2023-2027	772,382	1,067,143	1,839,525
2028-2032	859,999	921,340	1,781,339
2033-2037	1,221,631	732,120	1,953,751
2038-2042	1,755,661	462,516	2,218,177
2043-2045	1,326,401	100,925	1,427,326
	<u>\$ 6,773,360</u>	<u>\$ 4,519,582</u>	<u>\$ 11,292,942</u>

Authorized Debt

On November 2, 2010, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$68,590,000 at an interest rate not to exceed 15% per annum. At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Amount Authorized November 2, 2010</u>	<u>Authorization Used 2015A Loan</u>	<u>Remaining at December 31, 2017</u>
Street improvements	\$ 11,265,000	\$ 2,500,995	\$ 8,764,005
Water improvements	11,265,000	1,684,982	9,580,018
Sanitation and storm drainage	11,265,000	1,913,484	9,351,516
Parks and recreation	11,265,000	822,547	10,442,453
Safety protection	11,265,000	-	11,265,000
Public transportation	11,265,000	-	11,265,000
Operations and maintenance	1,000,000	-	1,000,000
Refunding of debt	33,795,000	-	33,795,000
	<u>\$ 102,385,000</u>	<u>\$ 6,922,008</u>	<u>\$ 95,462,992</u>

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Pursuant to the Service Plan dated May 28, 2010, the District can issue bond indebtedness of up to \$11,265,000. In addition, the maximum debt service mill levy for the District is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District. As of December 31, 2017, the calculated adjusted debt service mill levy was 54.540 mills.

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

NOTE 6 - NET POSITION

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

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

	Governmental Activities
Net investment in capital assets:	
Capital assets, net	\$ 1,784,003
Current portion of outstanding long-term obligations	(41,965)
Noncurrent portion of outstanding long-term obligations	(1,951,586)
Unspent loan proceeds	213,131
Portion of loan proceeds used for debt service	169,993
Net investment in capital assets	\$ 173,576

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - NET POSITION (CONTINUED)

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

	Governmental Activities
Restricted net position:	
Emergencies	\$ 2,800
Debt service	83,759
Total restricted net position	\$ 86,559

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements. Upon completion, some of these public improvements will be conveyed to other governmental entities at which time these costs will be removed from the District's financial records.

NOTE 7 - RELATED PARTIES

The Developer of the property which constitutes the District is Shea Properties Management Company, Inc. The members of the Board of Directors are officers, employees or associated with the Developer and may have conflicts of interest in dealing with the District. See Note 8 concerning reimbursements made to the Developer.

NOTE 8 - AGREEMENTS

Construction and Acquisition Agreement

On September 1, 2012, the District entered into a Construction and Acquisition Agreement with Shea Properties Management Company, Inc. (Shea). Shea will coordinate and construct certain District improvements which will result in economies in construction costs and timely construction of the development. Actual construction costs are not to exceed \$11,200,000. The improvements will be transferred to the District upon completion. Some of the improvements will then be transferred to other entities. As of December 31, 2017, the District has reimbursed Shea \$6,156,347 for actual construction costs. Of this amount, \$502,095 was payable at December 31, 2017.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

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

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

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 2, 2010, the District's electors authorized the District to collect, spend or retain the full amount of revenue authorized by law or contract collected or received by the District during 2011 and each fiscal year thereafter without regards to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses.

On November 2, 2010, the District's electors authorized the District to increase taxes \$1,000,000 annually (first full fiscal year dollar increase) and by the same amount annually thereafter plus inflation and local growth consisting of an ad valorem mill levy imposed on all taxable property within the District without limitation of rate and in an amount sufficient to fund annual expenses related to the operations and maintenance of the District.

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

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

LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 11 - INTERFUND AND OPERATING TRANSFERS

The transfers between the Debt Service Fund and the Capital Projects Fund were related to the proceeds from the Series 2015A Loan.

The transfer between the Architectural Control Fund and the Montane Design Review Committee Fund was related to the establishment of the Montane Design Review Committee Fund.

NOTE 12 – SUBSEQUENT EVENTS

On June 14, 2018, the District received the balance of the unused portion of the 2015A Bonds in the amount of \$3,077,992 and the total balance of \$1,200,000 of the 015B Bonds. All funds from the 2015 Loan Agreement have been advanced.

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

SUPPLEMENTARY INFORMATION

**LYONS RIDGE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Property taxes	\$ 287,062	\$ 287,062	\$ 289,722	\$ 2,660
Specific ownership tax	22,960	25,960	28,045	2,085
Net investment income	30	8,030	9,644	1,614
Total revenues	<u>310,052</u>	<u>321,052</u>	<u>327,411</u>	<u>6,359</u>
EXPENDITURES				
Loan interest expense	225,000	240,000	218,500	21,500
Loan principal	110,000	110,000	110,000	-
Non-use fee	17,000	18,000	13,533	4,467
County Treasurer's fee	4,306	4,306	4,346	(40)
Paying agent fees	-	-	3,000	(3,000)
Total expenditures	<u>356,306</u>	<u>372,306</u>	<u>349,379</u>	<u>22,927</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(46,254)</u>	<u>(51,254)</u>	<u>(21,968)</u>	<u>29,286</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	50,000	50,000	58,023	8,023
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>58,023</u>	<u>8,023</u>
NET CHANGE IN FUND BALANCES	3,746	(1,254)	36,055	37,309
FUND BALANCES - BEGINNING OF YEAR	<u>405,768</u>	<u>301,094</u>	<u>301,094</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 409,514</u>	<u>\$ 299,840</u>	<u>\$ 337,149</u>	<u>\$ 37,309</u>

**LYONS RIDGE METROPOLITAN DISTRICT
CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Net investment income	\$ 6,000	\$ 6,000	\$ 29	\$ (5,971)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>29</u>	<u>(5,971)</u>
EXPENDITURES				
Capital outlay				
Bergen ditch	25,000	25,000	-	25,000
Drainage / detention	113,496	113,496	-	113,496
Landscaping	-	510,000	509,460	540
Miscellaneous	-	500	418	82
Project management	100,000	-	6,326	(6,326)
Sewer infrastructure	228,498	-	-	-
Streets	-	525,000	542,032	(17,032)
Turkey Creek bridge	450,000	450,000	502,095	(52,095)
Water infrastructure	288,505	-	-	-
Contingency	250,000	-	-	-
Total expenditures	<u>1,455,499</u>	<u>1,623,996</u>	<u>1,560,331</u>	<u>63,665</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,449,499)</u>	<u>(1,617,996)</u>	<u>(1,560,302)</u>	<u>(69,636)</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	1,433,750	1,675,000	1,656,307	(18,693)
Transfers to other funds	(50,000)	(65,000)	(58,023)	6,977
Total other financing sources (uses)	<u>1,383,750</u>	<u>1,610,000</u>	<u>1,598,284</u>	<u>(11,716)</u>
NET CHANGE IN FUND BALANCES	(65,749)	(7,996)	37,982	45,978
FUND BALANCES - BEGINNING OF YEAR	<u>75,297</u>	<u>175,149</u>	<u>175,149</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,548</u>	<u>\$ 167,153</u>	<u>\$ 213,131</u>	<u>\$ 45,978</u>

OTHER INFORMATION

**LYONS RIDGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

**\$10,000,000 Limited Tax General Obligation Loan
(Convertible to Unlimited Tax)
Series 2015A
Dated October 1, 2015
Draws - \$6,922,008
Interest Rate - Variable**

**Principal Payable Annually, Beginning December 1, 2017
Interest Payable Semi-Annually, June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 142,580	\$ 270,499	\$ 413,079
2019	198,857	252,033	450,890
2020	205,307	245,001	450,308
2021	140,424	236,671	377,095
2022	150,118	231,334	381,452
2023	156,568	225,627	382,195
2024	168,018	220,147	388,165
2025	177,712	213,289	391,001
2026	131,317	206,534	337,851
2027	138,767	201,546	340,313
2028	148,462	196,697	345,159
2029	160,568	190,634	351,202
2030	171,262	184,532	355,794
2031	182,506	178,022	360,528
2032	197,201	171,455	368,656
2033	210,101	163,595	373,696
2034	225,452	155,612	381,064
2035	244,940	147,043	391,983
2036	260,497	138,033	398,530
2037	280,641	127,837	408,478
2038	301,785	117,171	418,956
2039	322,930	105,702	428,632
2040	350,525	93,631	444,156
2041	373,913	80,111	454,024
2042	406,508	65,901	472,409
2043	433,103	50,455	483,558
2044	463,147	34,070	497,217
2045	430,151	16,400	446,551
	<u>\$ 6,773,360</u>	<u>\$ 4,519,582</u>	<u>\$ 11,292,942</u>

**LYONS RIDGE METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2017**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Property Taxes		Percent Collected to Levied
		General	Debt	Levied	Collected	
2014	\$ 83,850	10.000	50.000	\$ 5,031	\$ 5,324	106%
2015	\$ 1,349,675	10.000	50.000	\$ 80,981	\$ 80,981	100%
2016	\$ 4,729,260	10.000	50.000	\$ 283,756	\$ 279,406	98%
2017	\$ 5,741,242	10.000	50.000	\$ 344,474	\$ 347,666	101%
Estimated for year ending December 31, 2018	\$ 7,924,097	10.908	54.540	\$ 518,616		