

**COLORADO CENTRE METROPOLITAN
DISTRICT**

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
With Independent Auditors' Report

Year Ended December 31, 2018

**COLORADO CENTRE METROPOLITAN DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Colorado Centre Metropolitan District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Colorado Centre Metropolitan District, as of and for the year ended December 31, 2018, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Colorado Centre Metropolitan District, as of

December 31, 2018, and the respective changes in financial position and, where applicable, cash flows 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 required supplementary information as listed in the table of contents 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, 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. 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 Colorado Centre Metropolitan District's financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hoelting & Company, Inc.



Colorado Springs, Colorado
May 31, 2019

Thomas G. Sistare, CPA

Management Discussion and Analysis For the 2018 Audit of the Colorado Centre Metropolitan District

**By: Cindy Monroe, District Manager
& Alvaro J. Testa**

The management staff of the Colorado Centre Metropolitan District (District) has prepared this discussion to provide a general overview of the financial activities and condition of the District for the fiscal year ending on December 31, 2018. The discussion and analyses are designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position and its ability to address the next and subsequent year challenges, (d) identify any material deviations from the approved budget, and (e) identify individual fund issues or concerns.

The District's financial statements encompass: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. Other supplementary information is included in addition to the basic financial statements themselves.

The Government-wide Financial Statements (pages 1 and 2) were first implemented in the District's audit for the year ending December 31, 2004. The Statement of Net Position and the Statement of Activities are designed to provide readers with a broad overview of District finances, in a manner similar to a private-sector business. These statements are unique in that they represent the District's financial position for all of the District's governmental (General, Reserve and Debt Service Funds) and enterprise (Water and Wastewater) fund types using the accrual basis of accounting.

The Statement of Net Position presents information on all District assets and liabilities, with the difference between the two reported as the 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 on all District expenditures and revenues. This statement distinguishes functions of the District that are principally supported by taxes such as general government, public safety, public works, culture/recreation and debt service from other functions that are intended to recover all or a portion of these costs through user fees (such as first responder, street lighting and refuse disposal). The Business-type Activities reflect the operations of the two enterprises (Water and Wastewater), where the fees for services typically cover all of the costs of operation.

Traditional users of government financial statements will find the Fund Financial Statements more familiar. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds in the District can be divided into three categories, governmental funds, proprietary funds and fiduciary 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, outflows and balances of appropriated resources available for a specific fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) is narrower than that of the government-wide financial statements, it is useful to compare the information presented in both types of statements. By doing so, readers can better understand the long-term impact of the government's near-term financial decisions. The audit report contains reconciliations to facilitate this comparison between governmental funds and governmental activities.

The District's Fiduciary Fund, the Agency Fund, is used to account for resources held for the exclusive benefit of the 1992 Series "A - Principal Only" Bondholders. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the District. Although the fund balance in this fund may go up or down in reaction to market forces, the fact remains that the final maturity yield of these investments is guaranteed and fully collateralizes the Series "A - Principal Only" bonds of the District which will be paid off on 1/1/ 2027.

The Colorado Centre Metropolitan District is governed by all the State of Colorado rules applicable to a Title 32 Special District, its Enterprises are governed by CRS Title 37, and the rules and covenants imposed by a U.S. Bankruptcy Resolution Plan (Chapter 9), District of Colorado, Case No. 89 B 16410 J.

Overview of the Government-wide Financial Statements

The District's Governmental Activities differ from many municipalities in that some of the figures it posts under its liabilities and net position accounts relate to the District's bankruptcy plan. The District has long term liabilities of \$37,831,956 which mainly represent accrued but unpaid principal and interest of its 1992 Series B bonds. Another \$37,548 of current liabilities is comprised of customer deposits, compensated employee absences and accounts payable. The fully collateralized principal of the Series A 1992 bonds has a current market value of \$2,503,714 which is about 1% higher than last year, but the securities purchased have a guaranteed face value maturity regardless of their annual fluctuations. These securities will help reduce the long-term debt on January 1, 2027 by fulfilling the financial obligations of the Series "A" Principal Only bonds. At that point, the Series B Principal and Interest bonds will receive all plan defined revenue of the District until such time as the bankruptcy plan expires.

The provisions of the bankruptcy plan of the District are such that the District's costs of operation must be satisfied first. Eventually, the debt is forgiven, if funds are not available to cancel the debt as specified in the plan. If the bankruptcy debt components were removed from the financial activities, the District's excellent health becomes apparent. Yet, it is likely that the District's assets will continue to decrease annually because of depreciation expenses which are only partially recovered by the District through its monthly capital improvement service charges.

The District has adopted and charged an Availability of Service Charge (ASC) to properties within 100 feet of a District sewer line but for which a tap has not been purchased. This type of charge is allowed by State Statutes to help pay off debt associated with specific project(s) that benefit said parcels. In this case, it will be used specifically to pay for 1) a \$2,000,000 loan used toward the District's participation in the regional wastewater and sewer interceptor project and 2) a \$1,412,421.74 loan for the Phosphorous removal addition, constructed by the Lower Fountain Metropolitan Sewage Disposal District (LFMSDD) on behalf of its participants. The District is a 25% stakeholder on the plant portion of the project and about a 12.52% stakeholder in the interceptor.

COMPARISON OF CURRENT TO PRIOR YEAR

GOVERNMENTAL ACTIVITIES

ASSETS	FY18	FY17	% CHANGE
CAPITAL	\$1,360,284	\$1,390,423	-2.2%
OTHER	\$2,164,593	\$1,956,349	10.6%
TOTAL	\$3,524,877	\$3,346,772	5.3%

LIABILITIES	FY18	FY17	% CHANGE
LONG-TERM	\$37,831,956	\$36,866,188	2.6%
OTHER	\$37,548	\$38,960	-3.6%
TOTAL	\$37,869,504	\$36,905,148	2.6%

DEF. INFLOWS	FY18	FY17	% CHANGE
UNAV. TAX REV.	\$570,190	\$547,450	4.2%
TOTAL	\$570,190	\$547,450	4.2%

NET POSITION	FY18	FY17	% CHANGE
NET OF DEBT	(\$11,061,212)	(\$11,031,073)	0.3%
RESTRICTED	\$603,075	\$442,573	36.3%
UNRESTRICTED	(\$24,456,680)	(\$23,517,326)	4.0%
TOTAL	(\$34,914,817)	(\$34,105,826)	2.4%

BUSINESS-TYPE ACTIVITIES - ENTERPRISES

ASSETS	FY18	FY17	% CHANGE
CAPITAL	\$19,836,092	\$19,051,263	4.1%
OTHER	\$1,763,203	\$1,074,753	64.1%
TOTAL	\$21,599,295	\$20,126,016	7.3%

LIABILITIES	FY18	FY17	% CHANGE
LONG-TERM	\$2,886,557	\$1,491,454	93.5%
OTHER	\$189,274	\$191,203	-1.0%
TOTAL	\$3,075,831	\$1,682,657	82.8%

NET POSITION	FY18	FY17	% CHANGE
NET ASSETS	\$17,356,120	\$17,559,809	-1.2%
RESTRICTED	\$204,914	\$205,013	0.0%
UNRESTRICTED	\$962,430	\$678,537	41.8%
TOTAL	\$18,523,464	\$18,443,359	0.4%

The table above depicts a comparison of the financial condition of the District compared to the prior year. The governmental activities **Capital** assets show a 2.2% reduction or \$30,139 decrease over the previous year due to a decrease of assets net of accumulated depreciation. **Other** governmental assets increased by 10.6% or \$208,244 due mostly to an increase in cash and cash equivalents, and taxes. On

the liabilities side of government activities, the **Long-term** debt continues to increase (2.6%) due mostly to the accrued and unpaid interest for the Series B bonds of the District. **Other** liabilities decreased by 3.6% from the previous year mostly attributable to a decrease in accounts payable.

On the business-type activities side of the District, i.e. water and wastewater services, the **Capital** assets have increased by 4.1% attributable to an increase in the District's capital assets net of accumulated depreciation from the addition of Lower Fountain Phosphorous treatment assets. **Other** assets reflect an increase of 64.1% due mostly to increases in receivables, internal balances and restricted cash and cash equivalents

The **long term** liabilities have increased by 93.5% due to the increase in principal for the two loans with Colorado Water Resources and Power Development Authority (CWRPDA) to help fund the LFMSDD Phosphorous Removal project. Currently, these loans have combined principal balances of \$1,398,148 and \$1,488,409. There's a decrease of 1% in **other liabilities** due mostly to decreases in accounts payable.

of \$591,104. The expenses not covered by specific fees were paid from general, developer owned and specific ownership taxes of \$611,839, earnings on investment of \$23,986 (government activities only), gain on asset disposal of \$826 and miscellaneous income of \$2,773.

The business-type statement of activities for the District's Enterprises shows that the enterprises generated enough revenue to pay for 100% of their operations. As presented, the business activities of the Enterprises had income of \$1,590,027 from the sales of water, sewer and various service charges and fees. The operations expenses were \$1,560,220 for the year. These yield a gain of \$29,807, which when combined with the investment earnings of \$28,057, and other miscellaneous income of \$22,241, yield a change in net position of \$80,105

The net effect of the District's activities is that there's an annual deficit in the governmental activities that does not improve because the Series B bonds continue to accumulate unpaid interest, while the principal remains unpaid also. On the other side, the net assets of the business activities of the District continue to increase.

Overview of the Statement of Activities

Most of the governmental functions are funded through taxes, fees and excess revenues from governmental activities that generate income, such as street lights and refuse disposal, and from contributions from the State's lottery. Under the "Debt service – interest" \$1,234,650 includes Series A and B bond interest which accrues annually on the District bonds. The amount reflects the \$264,950 paid to the Series A bondholders during the year. The District also paid bond related administrator's fees of \$3,932. As far as the Series B Bonds are concerned, \$965,768 is an interest expense which continually accrues because of the District's inability to make any significant payment on the 1992 Series B bonds. This is the largest single amount of expense/liability that the District's governmental funds (General, Reserve and Debt) experience on an annual basis. However, the interest component of Debt Service related to the Series A Bonds is paid out of all pledged revenues of the District for a total of \$264,950 per year. All the other expenses of the District, such as General Government (\$72,711), Public Safety (\$421,646), Public Works (\$29,610), Refuse Disposal (\$165,086), Culture and Recreation (\$85,146), and Street Lighting (\$30,670), amount to \$804,869 for the 2018 expense year. On the program revenue side, income of \$34,750 from street lights, \$189,527 from refuse disposal, \$354,262 from First Responder fees, \$4,718 from a fire safety grant, and \$7,847 from lottery funds reflect a total revenue stream

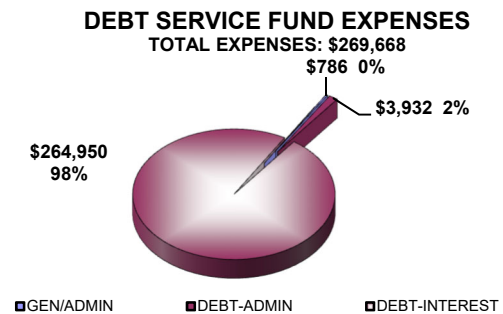
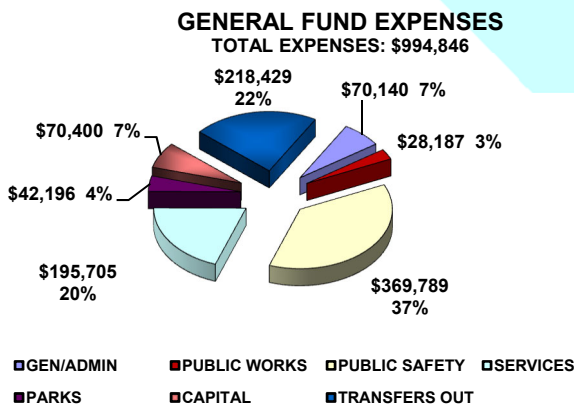
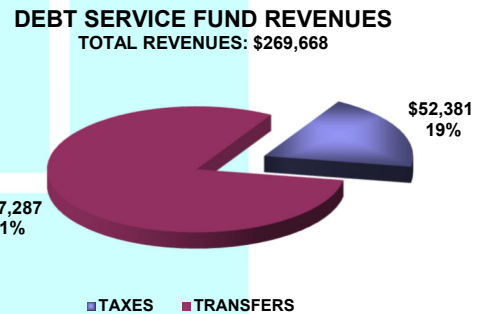
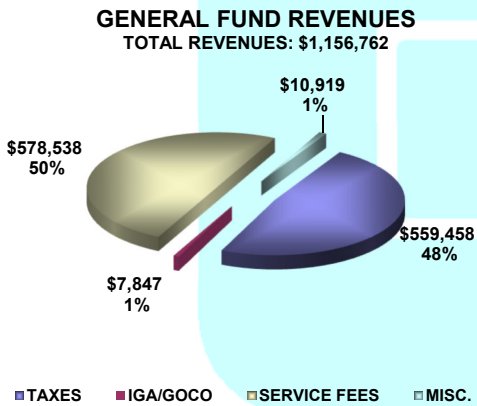
CHANGE IN NET POSITION

	FY18	FY17	% CHANGE
GOVERNMENT	(\$34,914,817)	(\$34,105,826)	2.4%
BUSINESS	\$18,523,464	\$18,443,359	0.4%
TOTAL	(\$16,391,353)	(\$15,662,467)	4.7%

Fund Financial Statements

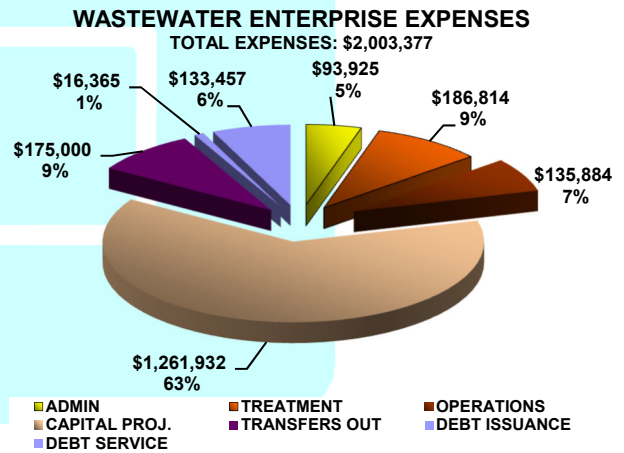
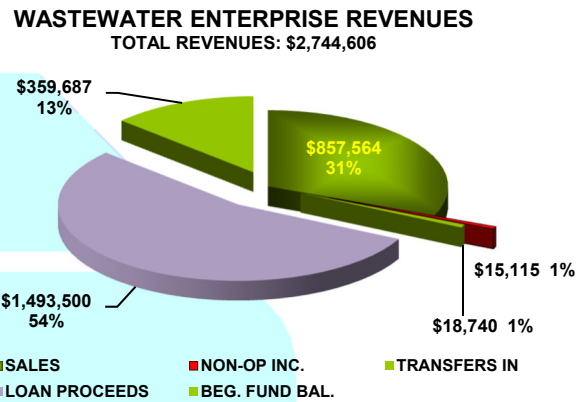
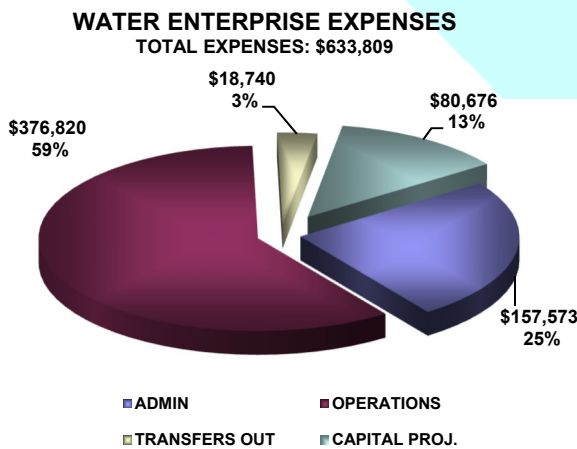
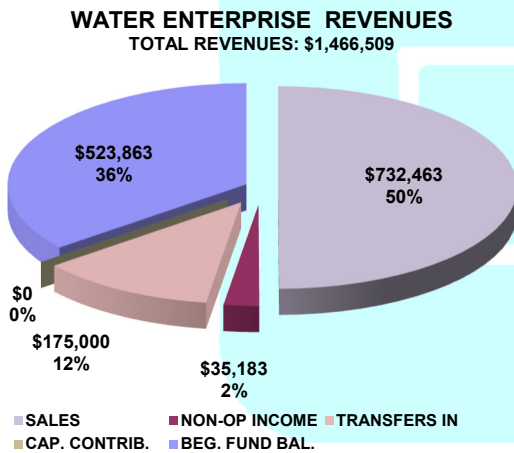
General Fund: The two graphs that follow summarize the general performance of the General Fund. Revenue sources have been grouped as Taxes (general and specific ownership taxes), IGA/GOCO (for lottery and grant funds), Service Fees (street lights, first responder and trash services), and Misc. (interest, other fees, transfers in, and sale of assets, etc.). Similarly, expense categories have been grouped according to function and the summaries are presented in the legend of the Expenses chart. The General Fund performed as budgeted. A surplus of \$161,916 in the General Fund is from excess Fire Protection Tax and Fee Revenue which will be accumulated with the previous year's balance of \$444,939 for a total of \$606,855, to ensure the viability of the service into the future. The mills and fees that generate this surplus **are not** a part of the Bankruptcy plan of the District.

Reserve Fund: The District's reserves increased by \$25,000 during FY 2018 to \$950,000, which is the Reserve Fund limit allowed by the bankruptcy plan of the District for FY 2018. The District did not spend any Reserve Funds in FY 2018.



Water Enterprise – General and Capital: The following two charts summarize the activities of the Water Enterprise during fiscal year 2018. Capital expenses, net of depreciation, are included. The net position of the Water Enterprise increased by \$200,444 to \$9,199,031. The Water Enterprise revenue is comprised of an inter-fund installment (#5) of \$175,000 by the Wastewater Funds to repay the original loan of \$697,300 was made by the Water Capital Fund leaving a loan balance of \$132,318. There was also revenue from the sale of water, including irrigation and augmentation, in the amount of \$732,463, and interest and other income in the amount of \$35,183. The Water Enterprise operated under budget for the year. It started the year with a total fund balance of \$523,863, had revenue and transfers of \$942,646, for a total revenue of \$1,466,509. These funds ended up the year, after all expenses and transfers of \$633,809 with a fund balance of \$832,700, not including depreciation.

Wastewater Enterprise – General and Capital: The breakdown presented in the charts below summarizes the activities of this Enterprise during fiscal year 2018. Capital expenses are included. The net position of the Wastewater Enterprise decreased by \$120,339 to \$9,324,433, mainly, because of inter-fund loan repayments. The Wastewater Enterprise operated under budget for the year. It started the year with a fund balance of \$359,687, had additional revenue of \$2,384,919, and, ended up the year, after all expenses and transfers of \$2,003,377, with a fund balance of \$741,229, not including depreciation.



Agency Fund: This fund contains monies invested by the District to fund the principal of the series A 1992 bonds due in 2027. The current market value of the securities is \$2,503,714 which is \$24,907 higher than reported in 2017. However, these funds are guaranteed to mature to yield approximately \$2,943,892 at or near the year 2027, when they are required to be paid out to the bondholders.

Closing Remarks

All the funds of the District performed within the anticipated limits established and approved by the Board of Directors.

The District is now working on a project to promote the planning and development of parcels owned by the District so that they can become taxable once more and also bring in more customers.

There's been no development activity in the area subject to an IGA between the District and Colorado Springs Utilities.

The audit and notes to the audit are an integral part of the comments presented herein.

End



BASIC FINANCIAL STATEMENTS

COLORADO CENTRE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,531,292	\$ 2,155	\$ 2,533,447
Investments	-	35,031	35,031
Cash with county treasurer	6,072	-	6,072
Receivables, net	29,829	117,407	147,236
Property tax receivable	570,190	-	570,190
Prepaid expenses	3,780	8,925	12,705
Internal balances	(976,620)	976,620	-
Deposits	50	11,565	11,615
Restricted cash and cash equivalents	-	611,500	611,500
Capital assets not being depreciated	575,560	4,386,222	4,961,782
Capital assets, net of accumulated depreciation	784,724	15,449,870	16,234,594
	<u>3,524,877</u>	<u>21,599,295</u>	<u>25,124,172</u>
Total Assets			
LIABILITIES			
Accounts payable	3,511	32,920	36,431
Compensated absences	4,580	18,454	23,034
Deposits and escrow	29,457	128,278	157,735
Accrued interest payable	-	9,622	9,622
Long term liabilities:			
Due within one year	-	237,325	237,325
Due in more than one year	37,831,956	2,649,232	40,481,188
	<u>37,869,504</u>	<u>3,075,831</u>	<u>40,945,335</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable tax revenue	570,190	-	570,190
	<u>570,190</u>	<u>-</u>	<u>570,190</u>
NET POSITION			
Net investment in capital assets	(11,061,212)	17,356,120	6,294,908
Restricted	603,075	204,914	807,989
Unrestricted	(24,456,680)	962,430	(23,494,250)
	<u>(11,061,212)</u>	<u>17,356,120</u>	<u>6,294,908</u>
Total Net Position (Deficit)	<u>\$ (34,914,817)</u>	<u>\$ 18,523,464</u>	<u>\$ (16,391,353)</u>

The accompanying notes are an integral part of these financial statements.

**COLORADO CENTRE METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Reserve Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,530,860	\$ -	\$ 432	\$ 2,531,292
Cash with county treasurer	6,072	-	-	6,072
Receivables	29,829	-	-	29,829
Property taxes receivable	498,635	71,555	-	570,190
Due from other funds	318,391	1,954	949,568	1,269,913
Prepaid expenses	3,780	-	-	3,780
Deposits	50	-	-	50
	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total assets	<u>\$ 3,387,617</u>	<u>\$ 73,509</u>	<u>\$ 950,000</u>	<u>\$ 4,411,126</u>
LIABILITIES				
Accounts payable	\$ 1,557	\$ 1,954	\$ -	\$ 3,511
Compensated absences	4,580	-	-	4,580
Due to other funds	2,246,533	-	-	2,246,533
Deposits and escrow	29,457	-	-	29,457
	<u>29,457</u>	<u>-</u>	<u>-</u>	<u>29,457</u>
Total liabilities	<u>2,282,127</u>	<u>1,954</u>	<u>-</u>	<u>2,284,081</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	498,635	71,555	-	570,190
	<u>498,635</u>	<u>71,555</u>	<u>-</u>	<u>570,190</u>
FUND BALANCES				
Nonspendable	3,780	-	-	3,780
Restricted for fire protection	603,075	-	-	603,075
Committed for repairs & improvements	-	-	950,000	950,000
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>606,855</u>	<u>-</u>	<u>950,000</u>	<u>1,556,855</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,387,617</u>	<u>\$ 73,509</u>	<u>\$ 950,000</u>	<u>\$ 4,411,126</u>

The accompanying notes are an integral part of these financial statements.

**COLORADO CENTRE METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018**

Total fund balance, governmental funds	\$ 1,556,855
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.	1,360,284
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.	<u>(37,831,956)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ (34,914,817)</u></u>

The accompanying notes are an integral part of these financial statements.

COLORADO CENTRE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Reserve Fund</u>	<u>Total Governmental Funds</u>
REVENUE				
Property taxes	\$ 490,286	\$ 52,381	\$ -	\$ 542,667
Specific ownership taxes	69,172	-	-	69,172
Intergovernmental	7,847	-	-	7,847
Lighting usage	34,750	-	-	34,750
Refuse disposal fees	189,526	-	-	189,526
First responder fees	354,262	-	-	354,262
Grants	4,718	-	-	4,718
Investment earnings	128	-	23,858	23,986
Miscellaneous	6,073	-	-	6,073
Total revenue	<u>1,156,762</u>	<u>52,381</u>	<u>23,858</u>	<u>1,233,001</u>
EXPENDITURES				
General and administrative	70,140	786	-	70,926
Public safety	369,789	-	-	369,789
Public works	28,187	-	-	28,187
Street lights	30,619	-	-	30,619
Refuse disposal	165,086	-	-	165,086
Culture and recreation	42,196	-	-	42,196
Capital outlay	70,400	-	-	70,400
Debt service - other	-	3,932	-	3,932
Debt service - interest	-	264,950	-	264,950
Total expenditures	<u>776,417</u>	<u>269,668</u>	<u>-</u>	<u>1,046,085</u>
Excess (deficit) of revenues over expenditures	<u>380,345</u>	<u>(217,287)</u>	<u>23,858</u>	<u>186,916</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	217,287	1,142	218,429
Transfers out	<u>(218,429)</u>	<u>-</u>	<u>-</u>	<u>(218,429)</u>
Total other financing sources (uses)	<u>(218,429)</u>	<u>217,287</u>	<u>1,142</u>	<u>-</u>
Net change in fund balances	161,916	-	25,000	186,916
Fund balance, beginning	<u>444,939</u>	<u>-</u>	<u>925,000</u>	<u>1,369,939</u>
Fund balance, ending	<u>\$ 606,855</u>	<u>\$ -</u>	<u>\$ 950,000</u>	<u>\$ 1,556,855</u>

The accompanying notes are an integral part of these financial statements.

**COLORADO CENTRE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Net change in fund balances - total governmental funds: \$ 186,916

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, in the Statement of Activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (27,666)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets. (2,473)

Interest on long-term debt is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (965,768)

Change in net position of governmental activities \$ (808,991)

The accompanying notes are an integral part of these financial statements.

COLORADO CENTRE METROPOLITAN DISTRICT
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,055	\$ 100	\$ 2,155
Investments	35,031	-	35,031
Receivables, net	45,975	71,432	117,407
Due from other funds	816,726	160,871	977,597
Prepaid expenses	8,476	449	8,925
Restricted cash and cash equivalents	-	611,500	611,500
Deposits	11,465	100	11,565
Total current assets	<u>919,728</u>	<u>844,452</u>	<u>1,764,180</u>
Noncurrent assets:			
Capital assets	10,992,297	15,328,213	26,320,510
Less: accumulated depreciation	<u>(2,625,966)</u>	<u>(3,858,452)</u>	<u>(6,484,418)</u>
Total noncurrent assets	<u>8,366,331</u>	<u>11,469,761</u>	<u>19,836,092</u>
Total assets	<u>9,286,059</u>	<u>12,314,213</u>	<u>21,600,272</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,782	25,138	32,920
Compensated absences	8,703	9,751	18,454
Customer deposits	69,566	58,712	128,278
Due to other funds	977	-	977
Accrued interest payable	-	9,622	9,622
Notes payable	-	237,325	237,325
Total current liabilities	<u>87,028</u>	<u>340,548</u>	<u>427,576</u>
Noncurrent liabilities:			
Notes payable	-	2,649,232	2,649,232
Total liabilities	<u>87,028</u>	<u>2,989,780</u>	<u>3,076,808</u>
NET POSITION			
Net investment in capital assets	8,366,331	8,989,789	17,356,120
Restricted	-	204,914	204,914
Unrestricted	832,700	129,730	962,430
Total net position	<u>\$ 9,199,031</u>	<u>\$ 9,324,433</u>	<u>\$ 18,523,464</u>

The accompanying notes are an integral part of these financial statements.

COLORADO CENTRE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund	Wastewater Fund	Total
OPERATING REVENUE			
Charges for services			
Water sales and service charges	\$ 732,463	\$ -	\$ 732,463
Sewer sales and service charges	-	857,564	857,564
Other income	19,906	2,335	22,241
	<u>752,369</u>	<u>859,899</u>	<u>1,612,268</u>
OPERATING EXPENSES			
Water expenses	376,820	-	376,820
Sewer expenses			
Treatment	-	186,814	186,814
Collection and transmission	-	135,884	135,884
General and administrative expenses	157,573	93,925	251,498
Depreciation	189,069	368,711	557,780
	<u>723,462</u>	<u>785,334</u>	<u>1,508,796</u>
Total operating expenses	<u>723,462</u>	<u>785,334</u>	<u>1,508,796</u>
Operating income (loss)	<u>28,907</u>	<u>74,565</u>	<u>103,472</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	15,277	12,780	28,057
Interest expense	-	(35,059)	(35,059)
Debt issuance costs	-	(16,365)	(16,365)
	<u>15,277</u>	<u>(38,644)</u>	<u>(23,367)</u>
Total nonoperating revenues (expenses)	<u>15,277</u>	<u>(38,644)</u>	<u>(23,367)</u>
Income (loss) before transfers	44,184	35,921	80,105
Transfer in	156,260	-	156,260
Transfer out	-	(156,260)	(156,260)
Change in net position	200,444	(120,339)	80,105
Net position, beginning	<u>8,998,587</u>	<u>9,444,772</u>	<u>18,443,359</u>
Net position, ending	<u>\$ 9,199,031</u>	<u>\$ 9,324,433</u>	<u>\$ 18,523,464</u>

The accompanying notes are an integral part of these financial statements.

**COLORADO CENTRE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Water Fund	Wastewater Fund	Combined Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 728,140	\$ 861,873	\$ 1,590,013
Other receipts	19,906	2,335	22,241
Payments to suppliers and service providers	(358,419)	(316,770)	(675,189)
Payments to employees for salaries and benefits	(176,618)	(105,970)	(282,588)
Net cash provided (used) by operating activities	<u>213,009</u>	<u>441,468</u>	<u>654,477</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments from (to) other funds	<u>(148,752)</u>	<u>(129,507)</u>	<u>(278,259)</u>
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(148,752)</u>	<u>(129,507)</u>	<u>(278,259)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(80,676)	(1,261,932)	(1,342,608)
Principal paid on capital debt	-	(98,398)	(98,398)
Interest paid on capital debt	-	(35,059)	(35,059)
Debt issuance costs	-	(16,365)	(16,365)
Loan proceeds	-	1,493,500	1,493,500
Net cash provided (used) by capital and related financing activities	<u>(80,676)</u>	<u>81,746</u>	<u>1,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>15,277</u>	<u>12,780</u>	<u>28,057</u>
Net cash provided (used) by investing activities	<u>15,277</u>	<u>12,780</u>	<u>28,057</u>
Net increase (decrease) in cash and cash equivalents	(1,142)	406,487	405,345
Cash and cash equivalents at beginning of year	<u>3,197</u>	<u>205,113</u>	<u>208,310</u>
Cash and cash equivalents at end of year	<u>\$ 2,055</u>	<u>\$ 611,600</u>	<u>\$ 613,655</u>

The accompanying notes are an integral part of these financial statements.

COLORADO CENTRE METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund	Wastewater Fund	Combined Totals (Memorandum Only)
Reconciliation of cash and cash equivalents to the statement of net position:			
Cash and cash equivalents	\$ 2,055	\$ 100	\$ 2,155
Restricted cash and cash equivalents	-	611,500	611,500
Cash and cash equivalents at year end	<u>\$ 2,055</u>	<u>\$ 611,600</u>	<u>\$ 613,655</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 28,907</u>	<u>\$ 74,565</u>	<u>\$ 103,472</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	189,069	368,711	557,780
(Increase) decrease in assets:			
Accounts receivable	(7,343)	2,289	(5,054)
Prepaid expenses	433	(225)	208
Increase (decrease) in liabilities:			
Accounts payable	(71)	(9,939)	(10,010)
Customer deposits	3,020	2,020	5,040
Compensated absences	(1,006)	(603)	(1,609)
Accrued interest	-	4,650	4,650
Total adjustments	<u>184,102</u>	<u>366,903</u>	<u>551,005</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 213,009</u>	<u>\$ 441,468</u>	<u>\$ 654,477</u>

The accompanying notes are an integral part of these financial statements.

**COLORADO CENTRE METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2018**

ASSETS

Restricted investments	<u>\$ 2,503,714</u>
Total assets	<u>2,503,714</u>

LIABILITIES

Due to bondholders	<u>2,503,714</u>
Total liabilities	<u>2,503,714</u>

TOTAL NET POSITION

\$ -

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado Centre Metropolitan District (the “District”) is a quasi-municipal political subdivision of the State of Colorado organized to develop and provide certain services to Colorado Centre. Colorado Centre is a planned 4,000 acre mixed use real estate development located in El Paso County, Colorado. The District has purchased water rights, and has constructed a water distribution system, a sanitary and storm sewer collection system, roadways, signs and other improvements.

The District’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The District is a special district governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The District has no component units for which either discrete or blended presentation is required.

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide 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 non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS (CONTINUED)

The District reports the following major governmental funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Reserve Fund* is used to account for the proceeds of specific revenue sources, which require separate accounting due to legal or regulatory provisions or administrative actions. It is used to account for monies retained by the District for the purpose of making necessary repairs and improvements to the District's facilities or to provide for the payment of any other expenses of the District to the extent funds are not otherwise available.

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of long term liabilities. Property tax revenues received for the payment of the District's long term liabilities are received by the fund, and principal and interest payments are expensed in the fund.

The District reports the following major proprietary funds:

An *Enterprise Fund* is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has two enterprise funds—the Water Fund and Wastewater Fund. The intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the government reports the following fund type:

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District has one fiduciary fund—the *Agency Fund* is custodial in nature and does not present results of operations or a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The 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 period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, charges for services, 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. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted cash and cash equivalents

The use of certain cash and cash equivalents of the District is restricted. These cash and cash equivalent items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Capital assets

Capital assets, which include property, plant, equipment and all infrastructure assets (e.g. street lights, drainage, signs and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Property, plant, and equipment, including infrastructure, of the government are depreciated using the straight-line method over the following estimated useful lives:

Signage	20 years
Drainage	20 years
Vehicles	5-10 years
Furniture, fixtures and equipment	5-20 years
Fire station	40 years
Park improvements	10-20 years
Street lights	20 years
Water distribution system	20-40 years
Wastewater collection system	40 years

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Capital assets (continued)

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position 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 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 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-term Liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts during the current period. The face amount of the 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 flow assumption

The District may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSET, LIABILITIES, AND NET POSITION/FUND BALANCE (CONTINUED)

Fund balance classification

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 available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

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.

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 that was used 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 that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by 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 resources first to defer the use of these other classified funds.

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. REVENUES AND EXPENDITURES/EXPENSES (CONTINUED)

Property taxes

Property taxes attach as an enforceable lien on property and are levied as of January 1. The tax levy is payable in two installments on February 28 and June 15, or in one installment due April 30. The El Paso County Treasurer bills and collects property taxes for the District. District property tax revenues are accounted for in the General and Debt Service Funds. District property tax revenues are recognized when levied to the extent they result in current receivables. The combined tax rate for the year ended December 31, 2018 was 25.000 mills. The District's assessed valuation for collection year 2018 was \$19,802,850. In addition to the above, there was a tax of 100 mills on "Developer Owned Property". The assessed valuation of "Developer Owned Property" for collection year 2018 was \$523,790. The maximum mill levy is set at 20 mills for all taxable property in the District, as discussed in Section 406 of the Bankruptcy Plan. However, the maximum mill levy can be increased as necessary to raise an equivalent amount of tax revenues as that in certification year 1990. In addition to the maximum mill levy of 20 mills set by the Bankruptcy Plan, the District also levied, after receiving the approval of voters on November 1, 2005, 3.00 mills for fire protection and 2.00 mills for parks.

Compensated absences

Accumulated unpaid vacation pay has been recorded as a liability in the financial statements. The unpaid sick pay is not material and therefore has not been recorded in the financial statements.

Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds”. The details of this difference are as follows:

Capital assets	\$ 4,132,301
Accumulated depreciation	<u>(2,772,017)</u>
Net adjustment to <i>fund balance—total governmental funds</i> to arrive at <i>net position—governmental activities</i>	<u>\$ 1,360,284</u>

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

Capital outlays	\$ 70,400
Depreciation	<u>(98,066)</u>
Net adjustment to <i>net change in fund balances—total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (27,666)</u>

Another element of the reconciliation states that “Interest on long-term debt is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due”. The details of this difference are as follows:

Interest expense	\$ (1,230,718)
Interest paid	<u>264,950</u>
Net adjustment to <i>net change in fund balances—total governmental fund</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (965,768)</u>

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

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

- 1) In the fall, the District Manager 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.
- 2) Public hearings are conducted by the District to obtain taxpayer comments.
- 3) Prior to December 15, the budget is legally approved.
- 4) Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- 5) Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds.
- 6) The budgets for the General, Reserve, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7) The budgets for the Water and Wastewater Funds are prepared on a basis of accounting other than generally accepted accounting principles, which is normal for proprietary funds. The primary differences are that bond proceeds are treated as a budget source, capital expenditures and principal payments are treated as a budget use.
- 8) Budgeted amounts are as originally adopted or amended.
- 9) All annual appropriations lapse at the end of the year.

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk—deposits. Colorado State Statutes govern the entity's deposit of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits. The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. 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 assets in the pool must be at least equal to 102% of the uninsured deposits.

At December 31, 2018, the carrying amount of the District's deposits was \$130,450 and the bank balances were \$116,534. All of the bank balances were covered by FDIC insurance.

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The District is authorized by Colorado State Statutes to invest in the following:

- ◆ Bonds and other interest bearing obligations of the United States government.
- ◆ Bonds and other interest bearing obligations which are guaranteed by the United States government.
- ◆ Bonds which are a direct obligation of the State of Colorado, or any city, county or school district therein.
- ◆ Notes or bonds issued pursuant to the “National Housing Act”.
- ◆ Repurchase agreements.
- ◆ Local government investment pools.

As of December 31, 2018 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>Less Than 90 Days</u>	<u>11 to 15 Years</u>	<u>16 to 20 Years</u>
Money Market Funds	\$ 3,004,570	\$ 3,004,570	\$ -	\$ -
ColoTrust	9,927	9,927	-	-
U.S. Agencies	2,503,714	-	2,503,714	-
CCMD Limited Tax and Special Revenue Bonds, Series B	<u>35,031</u>	<u>-</u>	<u>-</u>	<u>35,031</u>
Total	<u>\$ 5,553,242</u>	<u>\$ 3,014,497</u>	<u>\$ 2,503,714</u>	<u>\$ 35,031</u>

In 2012 the District tendered an offer to holders of Colorado Centre Metropolitan District (CCMD) Limited Tax and Special Revenue Bonds, Series B to purchase outstanding bonds at \$0.05 per share. On May 9, 2012 the District purchased 702,151 shares for \$35,031. Rather than retiring these bonds, the District is holding this investment in the Water Fund in order to participate in future interest payments.

Interest Rate Risk. State law limits investments with a maximum maturity date of no more than five years from the date of purchase. The District does not have an investment policy that would further limit its investment choices, except for investments in the Agency Fund. The Bankruptcy agreement (See Note 9) requires the District to purchase federal securities with a maturity date as near as possible to January 1, 2027.

Credit Risk. State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2018 the District’s investment in CCMD Limited Tax and Special Revenue Bonds, Series B was unrated. All other investments were rated Aaa by Moody’s and AAAm by Standard and Poor’s.

COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. This investment vehicle operates similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the District does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

The District's deposits and investments consist of the following at December 31, 2018:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Investments</u>	<u>Total</u>
Deposits	\$ 130,450	\$ -	\$ -	\$ -	\$ 130,450
Money Market Funds	2,393,070	-	611,500	-	3,004,570
ColoTrust	9,927	-	-	-	9,927
U.S. Agencies	-	-	-	2,503,714	2,503,714
CCMD Limited Tax and Special Revenue Bonds, Series B	-	35,031	-	-	35,031
Investments	<u>2,402,997</u>	<u>35,031</u>	<u>611,500</u>	<u>2,503,714</u>	<u>5,553,242</u>
Total	<u>\$ 2,533,447</u>	<u>\$ 35,031</u>	<u>\$ 611,500</u>	<u>\$ 2,503,714</u>	<u>\$ 5,683,692</u>

Reconciliation of cash and cash equivalents and investments to the government-wide financial statements at December 31, 2018:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Investments</u>	<u>Total</u>
<u>Primary Government</u>					
Governmental activities	\$ 2,531,292	\$ -	\$ -	\$ -	\$ 2,531,292
Business-type activities	2,155	35,031	611,500	-	648,686
Fiduciary activities	-	-	-	2,503,714	2,503,714
Total	<u>\$ 2,533,447</u>	<u>\$ 35,031</u>	<u>\$ 611,500</u>	<u>\$ 2,503,714</u>	<u>\$ 5,683,692</u>

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 - RECEIVABLES

Receivables at December 31, 2018 consisted of the following:

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Accounts	\$ 29,829	\$ 45,975	\$ 71,432	\$ 147,236
Interest	<u>-</u>	<u>500,844</u>	<u>-</u>	<u>500,844</u>
Gross receivables	29,829	546,819	71,432	648,080
Less: Allowance for uncollectibles	<u>-</u>	<u>(500,844)</u>	<u>-</u>	<u>(500,844)</u>
Net receivables	<u>\$ 29,829</u>	<u>\$ 45,975</u>	<u>\$ 71,432</u>	<u>\$ 147,236</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds

All interfund receivables and payables are created in conjunction with the District's pooled cash accounts. Balances are routinely cleared as a matter of practice. The composition of interfund balances at December 31, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Fund	\$ 318,391
Debt Service Fund	General Fund	\$ 1,954
Reserve Fund	General Fund	\$ 949,568
Water Fund	General Fund	\$ 816,726
Wastewater Fund	General Fund	\$ 159,894
Wastewater Fund	Water Fund	\$ 977

Interfund transfers

The following transfers were made in 2018 to fund debt service and reserve requirements in the Debt Service Fund and Reserve Fund, respectively, and to finance various programs the District must account for in other funds in accordance with budgetary authorizations.

<u>Transfer in</u>	<u>Transfer out</u>	
Debt Service Fund	General Fund	\$ 217,287
Reserve Fund	General Fund	\$ 1,142
Water Fund	Wastewater Fund	\$ 156,260

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Balance</u> <u>12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/18</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 245,848	\$ -	\$ -	\$ 245,848
Land improvements	298,078	7,250	(2,837)	302,491
Construction in progress	<u>27,221</u>	<u>-</u>	<u>-</u>	<u>27,221</u>
Total capital assets not being depreciated	<u>571,147</u>	<u>7,250</u>	<u>(2,837)</u>	<u>575,560</u>
Capital assets, being depreciated:				
Signage	95,529	-	-	95,529
Drainage	1,309,959	-	-	1,309,959
Vehicles	650,968	-	-	650,968
Furniture, fixtures and equipment	119,429	8,423	-	127,853
Fire station	879,869	23,355	(389)	902,835
Parks	437,541	14,703	-	452,244
Street lights	<u>685</u>	<u>16,668</u>	<u>-</u>	<u>17,353</u>
Total capital assets being depreciated	3,493,980	63,150	(389)	3,556,741
Less accumulated depreciation	<u>(2,674,704)</u>	<u>(98,066)</u>	<u>753</u>	<u>(2,772,017)</u>
Total capital assets depreciated, net	<u>819,276</u>	<u>(34,916)</u>	<u>364</u>	<u>784,724</u>
Total capital assets, net	<u>\$ 1,390,423</u>	<u>\$ (27,666)</u>	<u>\$ (2,473)</u>	<u>\$ 1,360,284</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 258,202	\$ -	\$ -	\$ 258,202
Water augmentation plan	1,352,373	-	-	1,352,373
Water shares	2,726,548	-	-	2,726,548
Construction in progress	<u>49,099</u>	<u>-</u>	<u>-</u>	<u>49,099</u>
Total capital assets, not being depreciated	<u>4,386,222</u>	<u>-</u>	<u>-</u>	<u>4,386,222</u>
Capital assets, being depreciated:				
Water tank	302,918	-	-	302,918
Water wells	324,543	65,905	-	390,448
Water distribution system	5,928,504	10,200	-	5,938,704
Wastewater treatment plant	8,093,006	1,260,527	-	9,353,533
Wastewater collection system	5,779,583	3,167	-	5,782,750
Equipment	<u>163,125</u>	<u>2,810</u>	<u>-</u>	<u>165,935</u>
Total capital assets being depreciated	20,591,679	1,342,608	-	21,934,288
Less accumulated depreciation	<u>(5,926,638)</u>	<u>(557,780)</u>	<u>-</u>	<u>(6,484,418)</u>
Total capital assets, being depreciated, net	<u>14,665,041</u>	<u>784,828</u>	<u>-</u>	<u>15,449,870</u>
Total capital assets, net	<u>\$ 19,051,263</u>	<u>\$ 784,828</u>	<u>\$ -</u>	<u>\$ 19,836,092</u>

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
General government	\$ 1,785
Public safety	51,857
Public works	1,423
Culture and recreation	42,951
Lights	<u>50</u>
Total depreciation expense—governmental activities	<u>\$ 98,066</u>
Business-type activities:	
Water	\$ 189,069
Wastewater	<u>368,711</u>
Total depreciation expense—business-type activities	<u>\$ 557,780</u>

NOTE 8 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code §457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The District matches the employee’s contributions up to 5% of the employee’s base salary. The District’s contributions during 2018 were \$12,440. The employees contributed \$18,020 to the plan in 2018.

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 - LONG-TERM LIABILITIES

LONG-TERM DEBT

1992 Bond Issue - Limited Tax and Special Revenue Bonds

As the result of a bankruptcy ruling in 1992, the District issued bonds in the principal amount of \$12,665,000 (New Bond). Holders of District bonds issued in 1985, 1986 and 1987 received these bonds in an aggregate principal amount equal to 50% of the principal amount of bonds held.

The District issued the bonds in two series, Series A and Series B. \$3,000,000 in principal amount were Series A bonds and \$9,665,000 in principal amount were Series B bonds. Of the bonds, each bondholder received 23.7% as Series A bonds and 76.3% as Series B bonds, which included Boettcher's contribution, which has now expired. The Series A bonds were issued as fully registered principal only bonds (Series A P/Os) and as registered interest only bonds (Series A I/Os) representing the interest payments due on the Series A P/Os each payment date.

Section 1143 of the bankruptcy law specifically applicable to Chapter 9 bankruptcy proceedings requires that if a plan provides for the exchange of securities, the surrender of the old securities must occur no later than five years after the date of the entry of the order of confirmation (June 21, 1992 for the District). If the holder of the securities does not present them within that time period, the holder is not permitted to participate in the distribution of the new securities under the plan. Therefore, as of June 21, 1998, the holders of untendered 1985, 1986 & 1987 bonds were no longer permitted to participate in the 1992 Series A and B bonds. An adjustment was made to decrease principal, accrued interest and interest due as of and for the year ended December 31, 1997, as follows:

Series A, Principal	\$ 56,108
Series B, Principal	<u>187,396</u>
Total Adjustment	<u>\$ 243,504</u>

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

THE 1992 BONDS ARE NOT GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED TAX AND SPECIAL REVENUE BONDS, THE REPAYMENT OF WHICH IS LIMITED AS SET FORTH IN THE BANKRUPTCY PLAN AND AS SUMMARIZED BELOW.

For the purpose of paying the interest on and principal of the bonds as the same become due and payable, respectively, and payment for District operations, maintenance and deposits to the Reserve Fund, the District shall certify a maximum mill levy, as set forth in the bankruptcy plan, to the Board of County Commissioners of El Paso County, Colorado. For each of the certification years beginning 1990 to and including 1995 a maximum of 22 mills could be certified on all of the taxable property in the District. For 1996 and subsequent years, as long as any bond is outstanding, a maximum of 20 mills can be certified on all of the taxable property in the District with the following exception. In the event that the assessed valuation within the District for any certification year is less than the assessed valuation for certification year 1990, the District shall increase the maximum mill levy imposed on property to generate property tax revenue equivalent to the amount of property tax calculated using the 1990 assessed valuation multiplied times the maximum mill levy of 20 mills.

The Series A P/Os and Series B bonds were dated as of January 1, 1992. The Series A P/Os are scheduled to mature on January 1, 2027, and bear interest at 9%, which is represented by the Series A I/Os. The Series B bonds bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from January 1, 1992, payable on each payment date to January 1, 2032. The Series B bonds mature on January 1, 2032 and accrue interest at 10.19%.

Principal and interest will be payable on the bonds only to the extent of funds in the General Fund. Interest not paid in the year in which it accrues is not forgiven but rather is accrued. Unpaid bond principal plus accrued interest will not exceed a cumulative liability to the District of \$65 million.

To the extent permitted by law, the District will also certify a 100 mill levy applicable to all “Developer Owned Property”. “Developer Owned Property” is defined in the resolution as the vacant, unimproved or not yet built property within the District owned by a developer.

The District has agreed to impose a minimum tap fee of \$3,500 for residential taps and has pledged all tap fees received by the District to the payment of the principal and interest on the bonds.

If by January 1, 2032 the District does not contain 1,500 single-family residences within its boundary, the District shall have no further obligation to make additional payments of principal or interest on any New Bonds, except to the extent of amounts on deposit in the debt service account or from pledged funds which it has received prior to January 1, 2032 and its obligations under the Resolution will terminate and the New Bonds will be deemed fully paid and discharged. After January 1, 2042 the District shall have no further obligation to make any additional payments of principal or interest on any New Bonds, except to the extent of amounts on deposit in the debt service account or from pledged funds which it has received prior to January 1, 2042 and its obligation under the bankruptcy ruling shall terminate and the New Bonds shall be deemed fully paid and discharged.

Amounts deposited, by the District, in the debt service account within the General fund will be applied on each payment date as follows:

Payment of Series A I/Os (interest only) - first payment is applied against any amount of accrued and unpaid interest.

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Escrow for Series A P/Os (principal only) - second payment is used to purchase federal securities with a maturity date as near as possible to January 1, 2027 which shall be held as a separate account and used only to pay Series A P/Os. When the funds to be generated from such federal securities, as they become due, are sufficient to pay (assuming no reinvestment of funds) in full all Series A P/Os, when they become due, no further purchases shall be made.

The District has set aside amounts for the payment of the principal of the Series A bonds in the Agency Fund.

Payment of Series B Interest - the balance of any funds held on any payment date shall be used to pay accrued and unpaid interest (including as of such payment date) or the Series B bonds in the order of maturity of such payment and shall include partial payment of interest due if the funds available are insufficient to pay all accrued interest.

Prepayment - the prepayment or payment of principal of the Series B bonds.

*Summary of bond debt service requirements to maturity:
Governmental activities -*

	<u>Principal</u>	<u>Unpaid Interest</u>	<u>Total</u>	<u>Interest</u>
<i>Series A:</i>				
2019	\$ -	\$ -	\$ -	\$ 264,950
2020	-	-	-	264,950
2021	-	-	-	264,950
2022	-	-	-	264,950
2023	-	-	-	264,950
2024-2027	<u>2,943,892</u>	<u>-</u>	<u>2,943,892</u>	<u>1,059,800</u>
Totals	<u>\$ 2,943,892</u>	<u>\$ -</u>	<u>\$ 2,943,892</u>	<u>\$ 2,384,550</u>

	<u>Principal</u>	<u>Unpaid Interest</u>	<u>Total</u>	<u>Interest</u>
<i>Series B:</i>				
2019	\$ -	\$ -	\$ -	\$ 965,768
2020	-	-	-	965,768
2021	-	-	-	965,768
2022	-	-	-	965,768
2023	-	-	-	965,768
2024-2028	-	-	-	4,828,840
2029-2032	<u>9,477,604</u>	<u>25,410,460</u>	<u>34,888,064</u>	<u>3,380,188</u>
Totals	<u>\$ 9,477,604</u>	<u>\$ 25,410,460</u>	<u>\$ 34,888,064</u>	<u>\$ 13,037,868</u>

COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

	<u>Principal</u>	<u>Unpaid Interest</u>	<u>Total</u>	<u>Interest</u>
<i>TOTAL SERIES A AND B:</i>				
2019	\$ -	\$ -	\$ -	\$ 1,230,718
2020	-	-	-	1,230,718
2021	-	-	-	1,230,718
2022	-	-	-	1,230,718
2023	-	-	-	1,230,718
2024-2028	2,943,892	-	2,943,892	5,888,640
2029-2032	<u>9,477,604</u>	<u>25,410,460</u>	<u>34,888,064</u>	<u>3,380,188</u>
Totals	<u>\$ 12,421,496</u>	<u>\$ 25,410,460</u>	<u>\$ 37,831,956</u>	<u>\$ 15,422,418</u>

Summary of changes in long-term debt:
Governmental activities -

	<u>Principal</u>	<u>Unpaid Interest</u>	<u>Total</u>
<i>Series A:</i>			
Balance, December 31, 2017	\$ 2,943,892	\$ -	\$ 2,943,892
Add Interest due July 1, 2018 and January 1, 2018	-	264,950	264,950
Less Paid to bondholders in 2018	<u>-</u>	<u>(264,950)</u>	<u>(264,950)</u>
Balance, December 31, 2018	<u>\$ 2,943,892</u>	<u>\$ -</u>	<u>\$ 2,943,892</u>
<i>Series B:</i>			
Balance, December 31, 2017	\$ 9,477,604	\$ 24,444,692	\$ 33,922,296
Add Interest due 2018	-	965,768	965,768
Less Payment in 2018	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2018	<u>\$ 9,477,604</u>	<u>\$ 25,410,460</u>	<u>\$ 34,888,064</u>
<i>Total (Series A and B):</i>			
Balance, December 31, 2017	\$ 12,421,496	\$ 24,444,692	\$ 36,866,188
Add Interest due July 1, 2018 and January 1, 2018	-	1,230,718	1,230,718
Less Payments in 2018	<u>-</u>	<u>(264,950)</u>	<u>(264,950)</u>
Balance, December 31, 2018	<u>\$ 12,421,496</u>	<u>\$ 25,410,460</u>	<u>\$ 37,831,956</u>

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

LOANS PAYABLE

On October 31, 2011, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$2,000,000. The loan is payable semiannually with payments of \$61,335 beginning November 1, 2012 and an initial payment of \$40,607 due May 1, 2012, including interest at 2%. This loan is to be repaid from and secured by a pledge of the net revenues of the Wastewater Fund.

The annual requirements to amortize the CWRPDA loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 95,181	\$ 27,490
2020	97,094	25,576
2021	99,046	23,625
2022	101,036	21,634
2023	103,067	19,603
2024 – 2028	547,257	66,095
2029 – 2031	<u>355,467</u>	<u>12,544</u>
Total	<u>\$ 1,398,148</u>	<u>\$ 196,567</u>

On March 7, 2018, the District entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$1,493,500. The loan is payable semiannually with payments of \$43,711 beginning November 1, 2019 and initial payments of \$7,581 due November 1, 2018 and \$45,871 due May 1, 2019, including interest at 2%. This loan is to be repaid from and secured by a pledge of the net revenues of the Wastewater Fund.

The annual requirements to amortize the CWRPDA loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 142,144	\$ 28,516
2020	60,798	26,623
2021	62,021	25,401
2022	63,267	24,154
2023	64,539	22,882
2024 – 2028	342,681	94,425
2029 – 2033	378,533	58,573
2029 – 2033	<u>374,426</u>	<u>18,970</u>
Total	<u>\$ 1,488,409</u>	<u>\$ 299,544</u>

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2018:

	<u>Balance</u> <u>12/31/17</u>	<u>Debt Issued</u> <u>And Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/18</u>	<u>Due Within</u> <u>One year</u>
<i>Governmental activities:</i>					
Long-term debt:					
Limited tax and special revenue bonds	\$ 12,421,496	\$ -	\$ -	\$ 12,421,496	\$ -
Unpaid interest	<u>24,444,692</u>	<u>1,230,718</u>	<u>(264,950)</u>	<u>25,410,460</u>	<u>-</u>
Total governmental activity					
Long-term liabilities	<u>\$ 36,866,188</u>	<u>\$ 1,230,718</u>	<u>\$ (264,950)</u>	<u>\$ 37,831,956</u>	<u>\$ -</u>
<i>Business-type activities:</i>					
Loans	<u>\$ 1,491,454</u>	<u>\$ 1,493,500</u>	<u>\$ (98,397)</u>	<u>\$ 2,886,557</u>	<u>\$ 237,325</u>
Total business-type activity					
Long-term liabilities	<u>\$ 1,491,454</u>	<u>\$ 1,493,500</u>	<u>\$ (98,397)</u>	<u>\$ 2,886,557</u>	<u>\$ 237,325</u>

**COLORADO CENTRE METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018**

NOTE 10 – NET POSITION

Net position is reported in three separate categories—net investment in capital assets; net position-restricted; and net position-unrestricted.

Net investment in capital assets consists of capital assets net of accumulated depreciation and capital-related deferred outflows of resources; reduced by borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018, net investment in capital assets was as follows:

Capital assets, net of depreciation	\$ 21,196,375
Long-term liabilities:	
Due within one year	(237,325)
Due in more than one year	(15,070,728)
Project cash account	<u>406,586</u>
	<u>\$ 6,294,908</u>

Net position-restricted is the difference between non-capital assets whose use is 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, and related liabilities and deferred inflows of resources (excluding capital-related borrowings). As of December 31, 2018, the District had a restricted net position as follows:

Debt service	\$ 204,914
Fire protection	<u>603,075</u>
	<u>\$ 807,989</u>

Any portion of net position not already classified as either net investment in capital assets or net position-restricted, is automatically classified as net position-unrestricted.

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 11- COMMITMENTS AND CONTINGENCIES

Water Tank Lease - The District leases certain land on which a water tank is located. Rental expense totaled \$10,500 during the year ended December 31, 2018. A 25 year extension of the lease was agreed to on September 20, 2009. The annual rental rate, as per the agreement, is 10% of the appraised value of the land. A land appraisal is required every five years to determine the rental rate for the next five years. The land appraisal was performed during 2014 to determine the current rental rate. The rate for the period of 9/14 – 9/19 will be \$10,500.

Water Distribution and Wastewater Collection, Treatment and Disposal Agreement - On August 11, 2009, the District entered into an intergovernmental agreement with the City of Colorado Springs (City) to provide water and wastewater service to the LJCC Basin, a defined area within the City's service area. Under the agreement, the District will charge a one-time Interim Connection System Improvement Fee of 40% of the then current value of CCMD's standard System Improvement Fee for each water and wastewater connection. The District will also charge a one-time CCMD Interim Capacity Fee of \$2,000 per wastewater connection. The agreement will continue at the convenience of the City unless the service exceeds a defined limit, at which point the agreement will terminate based on the earlier occurrence of five years from the effective date of the agreement or one year after the total wastewater flow exceeds a defined limit.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an 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 governments. The Amendment is complex and subject to judicial interpretation. However, the District is also under an order by the United States Bankruptcy Court for the District of Colorado which governs the District's taxing requirements and it is the belief of the District that the mandates of the bankruptcy plan take precedence over the requirements of Amendment 1. It is the opinion of the District that they do not have any revenues subject to Tabor. The Water and Wastewater Funds are considered to be enterprises and the revenues in the governmental funds are governed by the bankruptcy plan. As a result, the District has not set up an emergency reserve. The District believes it is in compliance with the requirements of the amendment to the extent that it applies. However, the District has made certain interpretations in the amendment's language in order to determine its compliance.

**COLORADO CENTRE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 – TABOR ELECTION

On November 1, 2005 the voters of the District approved that taxes may be increased starting in 2006 by \$34,800 through a three mill levy increase to pay for costs related to contracting for fire protection services with the City of Colorado Springs or any other entity, administrative services, and to create a reserve fund to pay for fire services with any of the remaining three mills.

On November 1, 2005 the voters of the District approved that taxes may be increased starting in 2006 by \$23,200 through a two mill levy increase for parks and open space.

On November 1, 2005 the voters of the District also approved that for tax year 2005, collection year 2006, and each subsequent year thereafter, to retain and spend District revenues from the mill levy increases requested in the above two ballot questions for fire protection services and park improvements and maintenance, in excess of the spending, revenue raising, or other limits in Article X, Section 20 of the Colorado Constitution, using such revenues as authorized for fire protection, park facilities and other purposes described under the Special District Act, Section 32-1-101 et seq., and other provisions of the Colorado Revised Statutes pertaining to the District's powers, duties and responsibilities, as the same are amended from time to time, and as otherwise necessary for the prudent management, operation and maintenance of the District's facilities.

REQUIRED SUPPLEMENTARY INFORMATION

**COLORADO CENTRE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 495,072	\$ 495,072	\$ 490,286	\$ (4,786)
Specific ownership taxes	72,000	72,000	69,172	(2,828)
Intergovernmental	7,200	7,200	7,847	647
Lighting usage	34,584	34,584	34,750	166
Refuse disposal fees	198,840	198,840	189,526	(9,314)
First responder fees	351,223	351,223	354,262	3,039
Grants	-	-	4,718	4,718
Interest	120	120	128	8
Miscellaneous	44,280	44,280	6,073	(38,207)
	<u>1,203,319</u>	<u>1,203,319</u>	<u>1,156,762</u>	<u>(46,557)</u>
EXPENDITURES				
General and administrative	92,516	92,516	70,140	22,376
Public safety	356,675	356,675	369,789	(13,114)
Public works	48,000	48,000	28,187	19,813
Street lights	31,440	31,440	30,619	821
Refuse disposal	161,820	161,820	165,086	(3,266)
Culture and recreation	48,000	48,000	42,196	5,804
Capital outlay	112,000	112,000	70,400	41,600
Miscellaneous	27,632	27,632	-	27,632
Transfers out	230,433	230,433	218,429	12,004
	<u>1,108,516</u>	<u>1,108,516</u>	<u>994,846</u>	<u>113,670</u>
Net change in fund balances	94,803	94,803	161,916	67,113
Fund balance, beginning	<u>441,960</u>	<u>441,960</u>	<u>444,939</u>	<u>2,979</u>
FUND BALANCE, ENDING	<u><u>\$ 536,763</u></u>	<u><u>\$ 536,763</u></u>	<u><u>\$ 606,855</u></u>	<u><u>\$ 70,092</u></u>

See the accompanying independent auditors' report.

**COLORADO CENTRE METROPOLITAN DISTRICT
RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Interest	\$ 22,000	\$ 22,000	\$ 23,858	\$ 1,858
Transfers in	13,000	13,000	1,142	(11,858)
Total revenue	35,000	35,000	25,000	(10,000)
EXPENDITURES				
Miscellaneous	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Net change in fund balances	25,000	25,000	25,000	-
Fund balance, beginning	925,000	925,000	925,000	-
FUND BALANCE, ENDING	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

SUPPLEMENTAL INFORMATION

**COLORADO CENTRE METROPOLITAN DISTRICT
COMBINING BALANCE SHEET
GENERAL FUND - SUB FUND INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Fund	Fire Fund Sub of General	Total
ASSETS			
Cash and cash equivalents	\$ 2,530,860	\$ -	\$ 2,530,860
Cash with county treasurer	6,072	-	6,072
Receivables	8,666	21,163	29,829
Property tax receivable	438,799	59,836	498,635
Due from other funds	(404,001)	722,392	318,391
Prepaid expenses	222	3,558	3,780
Deposits	50	-	50
	<u>50</u>	<u>-</u>	<u>50</u>
 Total assets	 <u>\$ 2,580,668</u>	 <u>\$ 806,949</u>	 <u>\$ 3,387,617</u>
LIABILITIES			
Accounts payable	\$ 1,335	\$ 222	\$ 1,557
Compensated absences	4,458	122	4,580
Due to other funds	2,106,619	139,914	2,246,533
Deposits and escrow	29,457	-	29,457
	<u>29,457</u>	<u>-</u>	<u>29,457</u>
 Total liabilities	 <u>2,141,869</u>	 <u>140,258</u>	 <u>2,282,127</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	438,799	59,836	498,635
	<u>438,799</u>	<u>59,836</u>	<u>498,635</u>
FUND BALANCES			
Nonspendable	222	3,558	3,780
Restricted for fire protection	(222)	603,297	603,075
Unrestricted	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balances	 <u>-</u>	 <u>606,855</u>	 <u>606,855</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,580,668</u>	 <u>\$ 806,949</u>	 <u>\$ 3,387,617</u>

See the accompanying independent auditors' report.

**COLORADO CENTRE METROPOLITAN DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND - SUB FUND INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Fund	Fire Fund Sub of General	Total
REVENUE			
Property taxes	\$ 431,452	\$ 58,834	\$ 490,286
Specific ownership taxes	69,172	-	69,172
Intergovernmental	7,847	-	7,847
Lighting usage	34,750	-	34,750
Refuse disposal fees	189,526	-	189,526
First responder fees	-	354,262	354,262
Grants	4,718	-	4,718
Investment earnings	128	-	128
Miscellaneous	5,627	446	6,073
	<u>743,220</u>	<u>413,542</u>	<u>1,156,762</u>
EXPENDITURES			
General and administrative	53,474	16,666	70,140
Public safety	-	369,789	369,789
Public works	28,187	-	28,187
Street lights	30,619	-	30,619
Refuse disposal	165,086	-	165,086
Culture and recreation	42,196	-	42,196
Capital outlay	67,174	3,226	70,400
	<u>386,736</u>	<u>389,681</u>	<u>776,417</u>
Excess (deficit) of revenues over expenditures	<u>356,484</u>	<u>23,861</u>	<u>380,345</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	(138,055)	138,055	-
Transfers out	(218,429)	-	(218,429)
	<u>(356,484)</u>	<u>138,055</u>	<u>(218,429)</u>
Net change in fund balances	-	161,916	161,916
Fund balance, beginning	-	444,939	444,939
Fund balance, ending	<u>\$ -</u>	<u>\$ 606,855</u>	<u>\$ 606,855</u>

See the accompanying independent auditors' report.

**COLORADO CENTRE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Developer taxes	\$ 52,379	\$ 52,379	\$ 52,381	\$ 2
Miscellaneous	10,000	10,000	-	(10,000)
Transfers in	217,433	217,433	217,287	(146)
Total revenue	<u>279,812</u>	<u>279,812</u>	<u>269,668</u>	<u>(10,144)</u>
EXPENDITURES				
General and administrative	786	786	786	-
Debt service - administrative	3,962	3,962	3,932	30
Debt service - interest	264,950	264,950	264,950	-
Miscellaneous	10,114	10,114	-	10,114
Total expenditures	<u>279,812</u>	<u>279,812</u>	<u>269,668</u>	<u>10,144</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning	-	-	-	-
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See the accompanying independent auditors' report.

COLORADO CENTRE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Water sales and service charges	\$ 732,463	\$ 844,580	\$ (112,117)
Interest income	15,277	18,015	(2,738)
Other income	19,906	92,000	(72,094)
Transfer in	175,000	175,000	-
Beginning fund balance	523,863	629,684	(105,821)
Total revenues	1,466,509	1,759,279	(292,770)
EXPENDITURES			
General and administrative expenses	157,573	212,634	55,061
Source of supply and distribution	376,820	420,500	43,680
Capital outlay	80,676	425,000	344,324
Miscellaneous	-	55,381	55,381
Transfer out	18,740	40,000	21,260
Total expenditures	633,809	1,153,515	519,706
ENDING FUND BALANCE	832,700	\$ 605,764	\$ 226,936
Add:			
Capital expenditures	80,676		
Less:			
Depreciation	(189,069)		
Beginning fund balance	(523,863)		
CHANGE IN NET POSITION	<u>\$ 200,444</u>		
Ending fund balance is calculated as follows:			
Current assets	\$ 919,728		
Current liabilities	(87,028)		
	<u>\$ 832,700</u>		

See the accompanying independent auditors' report.

COLORADO CENTRE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
REVENUES			
Sewer sales and service charges	\$ 857,564	\$ 867,336	\$ (9,772)
Interest income	12,780	12,000	780
Other income	2,335	1,700	635
Loan proceeds	1,493,500	1,493,500	-
Transfer in	18,740	40,000	(21,260)
Beginning fund balance	359,687	146,895	212,792
	<u>2,744,606</u>	<u>2,561,431</u>	<u>183,175</u>
EXPENDITURES			
General and administrative expenses	93,925	127,524	33,599
Treatment expenditures	186,814	216,000	29,186
Collection and transmission	135,884	170,520	34,636
Capital outlay	1,261,932	1,500,000	238,068
Debt service - interest	35,059	58,925	23,866
Debt service - principal	98,398	133,275	34,877
Debt issuance costs	16,365	-	(16,365)
Transfer out	175,000	175,000	-
Miscellaneous	-	2,476	2,476
	<u>2,003,377</u>	<u>2,383,720</u>	<u>380,343</u>
ENDING FUND BALANCE	741,229	<u>\$ 177,711</u>	<u>\$ 563,518</u>
Add:			
Capital expenditures	1,261,932		
Principal payments on long-term debt	98,398		
Less:			
Depreciation	(368,711)		
Loan proceeds	(1,493,500)		
Beginning fund balance	<u>(359,687)</u>		
CHANGE IN NET POSITION	<u>\$ (120,339)</u>		
Ending fund balance is calculated as follows:			
Current assets	\$ 844,452		
Current liabilities	(340,548)		
Current portion of notes payable	<u>237,325</u>		
	<u>\$ 741,229</u>		

See the accompanying independent auditors' report.

COLORADO CENTRE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
WATER FUND - CAPITAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund	Capital Water Fund	Total
Operating revenues:			
Water sales and service charges	\$ 611,223	\$ 121,240	\$ 732,463
Other income	19,227	679	19,906
Total operating revenues	<u>630,450</u>	<u>121,919</u>	<u>752,369</u>
Operating expenses:			
Water expenses	375,506	1,314	376,820
General and administrative expenses	157,573	-	157,573
Depreciation	60,582	128,487	189,069
Total operating expenses	<u>593,661</u>	<u>129,801</u>	<u>723,462</u>
Operating income (loss)	<u>36,789</u>	<u>(7,882)</u>	<u>28,907</u>
Nonoperating revenues (expenses):			
Interest income	924	14,353	15,277
Total nonoperating revenues (expenses)	<u>924</u>	<u>14,353</u>	<u>15,277</u>
Income (loss) before transfers	<u>37,713</u>	<u>6,471</u>	<u>44,184</u>
Transfer in	-	254,555	254,555
Transfer out	(98,295)	-	(98,295)
Total transfers	<u>(98,295)</u>	<u>254,555</u>	<u>156,260</u>
Change in net position	(60,582)	261,026	200,444
Net position, beginning	<u>3,546,006</u>	<u>5,452,581</u>	<u>8,998,587</u>
Net position, ending	<u>\$ 3,485,424</u>	<u>\$ 5,713,607</u>	<u>\$ 9,199,031</u>

See the accompanying independent auditors' report.

COLORADO CENTRE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
WASTEWATER FUND - CAPITAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

	Wastewater Fund	Capital Wastewater Fund	Total
Operating revenues:			
Sewer sales and service charges	\$ 541,079	\$ 316,485	\$ 857,564
Other income	1,656	679	2,335
	<u>542,735</u>	<u>317,164</u>	<u>859,899</u>
Operating expenses:			
Sewer expenses			
Treatment	186,814	-	186,814
Collection and transmission	135,884	-	135,884
General and administrative expenses	93,246	679	93,925
Depreciation	88,662	280,049	368,711
	<u>504,606</u>	<u>280,728</u>	<u>785,334</u>
Total operating expenses			
	<u>38,129</u>	<u>36,436</u>	<u>74,565</u>
Operating income (loss)			
Nonoperating revenues (expenses):			
Interest income	1,918	10,862	12,780
Debt service - interest	-	(35,059)	(35,059)
Debt issuance cost	-	(16,365)	(16,365)
	<u>1,918</u>	<u>(40,562)</u>	<u>(38,644)</u>
Total nonoperating revenues (expenses)			
	<u>40,047</u>	<u>(4,126)</u>	<u>35,921</u>
Income (loss) before transfers			
Transfer out	(128,710)	(27,550)	(156,260)
Change in net position	(88,663)	(31,676)	(120,339)
Net position, beginning	<u>1,195,302</u>	<u>8,249,470</u>	<u>9,444,772</u>
Net position, ending	<u>\$ 1,106,639</u>	<u>\$ 8,217,794</u>	<u>\$ 9,324,433</u>

See the accompanying independent auditors' report.

**COLORADO CENTRE METROPOLITAN DISTRICT
CASH FLOW SUMMARY OF NET REVENUES AVAILABLE FOR DEBT SERVICE
WASTEWATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Revenues	
Sewer charges	\$ 541,079
Other operating income	316,485
Interest income	12,780
Miscellaneous income	<u>2,335</u>
 TOTAL REVENUES	 <u>872,679</u>
 Operating Expenses	 785,334
Less: depreciation	<u>(368,711)</u>
 NET OPERATING EXPENSES	 <u>416,623</u>
 TRANSFERS IN (OUT)	 <u>(156,260)</u>
 NET REVENUES (PLEGDED PROPERTY)	 <u>\$ 299,796</u>
 Maximum Debt Service Requirement	 <u>\$ 210,092</u>
 Coverage Factor	 <u>142.70%</u>
 OPERATION & MAINTENANCE RESERVE:	
 Operating expenses (net of depreciation)	 \$ 416,623
3 month reserve	<u>25%</u>
 Three month reserve requirement	 104,156
Actual Reserve	<u>204,914</u>
 Excess funding	 <u>\$ 100,758</u>

See the accompanying independent auditors' report.