

GREEN GABLES METROPOLITAN DISTRICT NO. 2
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Green Gables Metropolitan District No. 2
Jefferson County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Green Gables Metropolitan District No. 2 (the 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Green Gables Metropolitan District No. 2, as of December 31, 2018, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Fiscal Focus Partners, LLC

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The annual disclosure obligation information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
September 2, 2019

BASIC FINANCIAL STATEMENTS

GREEN GABLES METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities
ASSETS	
Cash and Investments	\$ 68,170
Cash and Investments - Restricted	1,726,785
Accounts Receivable	8,821
Prepaid Expense	4,363
Property Taxes Receivable	206,012
Receivable from County Treasurer	635
Capital Assets:	
Capital Assets, Not Being Depreciated	14,428,996
Total Assets	16,443,782
LIABILITIES	
Accounts Payable	16,897
Accrued Interest Payable	47,893
Noncurrent Liabilities:	
Due in More than One Year	20,328,615
Total Liabilities	20,393,405
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	206,012
Total Deferred Inflows of Resources	206,012
NET POSITION	
Restricted for:	
Emergency Reserves	2,500
Capital Projects	7,069
Debt Service	1,724,285
Unrestricted	(5,889,489)
Total Net Position	\$ (4,155,635)

See accompanying Notes to Basic Financial Statements.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Government Activities:					
General Government	\$ 57,442	\$ -	\$ -	\$ -	\$ (57,442)
Interest and Related Costs on Long-Term Debt	3,714,509	-	-	-	(3,714,509)
Total Governmental Activities	\$ 3,771,951	\$ -	\$ -	\$ -	(3,771,951)
GENERAL REVENUES					
					74,330
					6,883
					18,023
					99,236
CHANGES IN NET POSITION					(3,672,715)
					(482,920)
NET POSITION - END OF YEAR					\$ (4,155,635)

See accompanying Notes to Basic Financial Statements.

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 68,170	\$ -	\$ -	\$ 68,170
Cash and Investments - Restricted	2,500	1,724,285	-	1,726,785
Accounts Receivable	402	-	8,419	8,821
Receivable from County Treasurer	635	-	-	635
Property Tax Receivable	34,335	171,677	-	206,012
Prepaid Insurance	4,363	-	-	4,363
Total Assets	\$ 110,405	\$ 1,895,962	\$ 8,419	\$ 2,014,786
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 15,547	\$ -	\$ 1,350	\$ 16,897
Total Liabilities	15,547	-	1,350	16,897
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	34,335	171,677	-	206,012
Total Deferred Inflows or Resources	34,335	171,677	-	206,012
FUND BALANCES				
Nonspendable for:				
Prepaid Expense	4,363	-	-	4,363
Restricted for:				
Emergency Reserves	2,500	-	-	2,500
Debt Service	-	1,724,285	-	1,724,285
Capital Projects	-	-	7,069	7,069
Unassigned	53,660	-	-	53,660
Total Fund Balances	60,523	1,724,285	7,069	1,791,877
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 110,405	\$ 1,895,962	\$ 8,419	
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.				14,428,996
Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(9,995,000)
Subordinate Bonds Payables				(1,689,000)
Accrued Interest 2018A bonds				(47,893)
Accrued Interest 2018B bonds				(25,933)
Developer Advances				(7,732,501)
Accrued Interest on Developer Advances				(886,181)
Net Position of Governmental Activities				\$ (4,155,635)

See accompanying Notes to Basic Financial Statements.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 74,330	\$ -	\$ -	\$ 74,330
Specific Ownership Taxes	6,883	-	-	6,883
Net Investment Income	-	7,091	10,932	18,023
Total Revenues	<u>81,213</u>	<u>7,091</u>	<u>10,932</u>	<u>99,236</u>
EXPENDITURES				
Current:				
Accounting	16,423	-	-	16,423
County Treasurer's Fees	1,115	-	-	1,115
District Management	6,796	-	-	6,796
Dues and Licences	281	-	-	281
Election	600	-	-	600
Insurance and Bonds	2,738	-	-	2,738
Legal	12,813	-	-	12,813
Miscellaneous	242	-	-	242
Debt Service:				
Bond Interest Series 2018A	-	57,471	-	57,471
Capital Outlay:				
Capital Outlay	-	-	4,938,727	4,938,727
Repay Developer Advance - Principal	-	-	6,707,519	6,707,519
Repay Developer Advance - Interest	-	-	2,703,265	2,703,265
Engineering Costs	-	-	15,084	15,084
Bond Issue Costs	-	-	532,653	532,653
Accounting	-	-	1,350	1,350
Total Expenditures	<u>41,008</u>	<u>57,471</u>	<u>14,898,598</u>	<u>14,997,077</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds Series 2018 A	-	-	9,995,000	9,995,000
Bond Proceeds Series 2018 B	-	-	1,689,000	1,689,000
Developer Advance	-	-	4,938,727	4,938,727
Transfer from Other Fund	-	1,774,665	46,673	1,821,338
Transfer to Other Fund	(46,673)	-	(1,774,665)	(1,821,338)
Total Other Financing Sources (Uses)	<u>(46,673)</u>	<u>1,774,665</u>	<u>14,894,735</u>	<u>16,622,727</u>
NET CHANGE IN FUND BALANCES	(6,468)	1,724,285	7,069	1,724,886
Fund Balances - Beginning of year	<u>66,991</u>	<u>-</u>	<u>-</u>	<u>66,991</u>
FUND BALANCES - END OF YEAR	<u>\$ 60,523</u>	<u>\$ 1,724,285</u>	<u>\$ 7,069</u>	<u>\$ 1,791,877</u>

See accompanying Notes to Basic Financial Statements.

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ 1,724,886

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

Long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Proceeds	(11,684,000)
Developer Advance Repayment - Principal	6,707,519

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

Bond Interest - Change in Liability	(73,826)
Developer Advance - Accrued Interest Change in Liability	<u>(347,294)</u>

Changes in Net Position of Governmental Activities \$ (3,672,715)

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 74,330	\$ 74,330	\$ 74,330	\$ -
Specific Ownership Taxes	5,950	5,950	6,883	933
Interest Income	1,000	1,000	-	(1,000)
Total Revenues	<u>81,280</u>	<u>81,280</u>	<u>81,213</u>	<u>(67)</u>
EXPENDITURES				
Current:				
Accounting	12,000	17,000	16,423	577
County Treasurer's Fees	1,115	1,115	1,115	-
District Management	6,000	6,000	6,796	(796)
Dues and Licences	500	500	281	219
Election	1,250	1,250	600	650
Insurance and Bonds	2,900	2,900	2,738	162
Legal	3,000	15,000	12,813	2,187
Miscellaneous	100	100	242	(142)
Auditing	5,000	5,000	-	5,000
Engineering	3,000	3,000	-	3,000
Contingency	2,135	2,135	-	2,135
Total Expenditures	<u>37,000</u>	<u>54,000</u>	<u>41,008</u>	<u>12,992</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,280	27,280	40,205	12,925
OTHER FINANCING SOURCES (USES)				
Transfers to Other Fund	-	(47,000)	(46,673)	327
Total Other Financing Sources (Uses)	<u>-</u>	<u>(47,000)</u>	<u>(46,673)</u>	<u>327</u>
NET CHANGE IN FUND BALANCE	44,280	(19,720)	(6,468)	13,252
Fund Balances - Beginning of Year	<u>59,961</u>	<u>59,961</u>	<u>66,991</u>	<u>7,030</u>
FUND BALANCES - END OF YEAR	<u>\$ 104,241</u>	<u>\$ 40,241</u>	<u>\$ 60,523</u>	<u>\$ 20,282</u>

See accompanying Notes to Basic Financial Statements.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 DEFINITION OF REPORTING ENTITY

Green Gables Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Order and Decree of the District Court for Jefferson County recorded on January 10, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized in conjunction with Green Gables Metropolitan District No. 1 (District No. 1). Services will be provided to the Green Gables mixed use redevelopment (Project) by the District and District No. 1. The District will serve the commercial portion of the Project and District No. 1 will serve the residential portions of the Project. The Districts each operate as distinct and separate entities, however, it is anticipated that the Districts will enter into various intergovernmental agreements to coordinate efforts in the financing and construction of facilities and provision of improvements to the Project. The Districts' service area is generally located east of Wadsworth Boulevard and south of Jewell Avenue in Jefferson County. The District was established to provide water, storm sewer and sanitary sewer, streets and traffic safety protection, parks and recreation, and covenant enforcement.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds, notes and developer advances are recorded as a reduction in liabilities.

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

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

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

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

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

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

Budgets

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

The District has amended its annual budget for the year ended December 31, 2018.

Pooled Cash and Investments

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

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Capital Assets

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

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

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

Deferred Inflows of Resources

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

Equity

Net Position

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

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

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

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 68,170
Cash and Investments - Restricted	1,726,785
Total cash and investments	<u>\$ 1,794,955</u>

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2018 consist of the following:

Deposits with Financial Institutions	\$ 70,670
Investments	<u>1,724,285</u>
Total Cash and Investments	<u><u>\$ 1,794,955</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2018, the District's cash deposits had a bank balance and a carrying balance of \$70,670.

Investments

The District has adopted a formal investment policy that follows state statutes regarding investments.

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

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

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	<u>\$ 1,724,285</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance at December 31, 2017	Reallocation ⁽¹⁾	Increases	Decreases	Balance at December 31, 2018
Construction in Progress	\$ 2,740,065	\$ 6,750,204	\$ 4,938,727	\$ -	\$ 14,428,996
Total Capital Assets	<u>\$ 2,740,065</u>	<u>\$ 6,750,204</u>	<u>\$ 4,938,727</u>	<u>\$ -</u>	<u>\$ 14,428,996</u>

(1) On October 23, 2018, the District determined to allocate the certified capital expenditures and associated long-term debt between the District and District No. 1 at a rate of 61% for the District, and 39% for District No. 1. The application of this allocation was made retroactive to the costs accepted in 2017, resulting in a reallocation in 2018.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2018:

	Balance at December 31, 2017	Reallocation CIP ⁽¹⁾	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
General Obligation Limited Tax Refunding Bonds:						
General Obligation - Series 2018A	\$ -	\$ -	\$ 9,995,000	\$ -	\$ 9,995,000	\$ -
Subordinate Bonds - Series 2018B	-	-	1,689,000	-	1,689,000	-
Accrued Interest on - Series 2018B Bonds	-	-	25,933	-	25,933	-
Developer Advances O&M	11,024	-	-	-	11,024	-
Interes on Developer Advances O&M	3,928	-	882	-	4,810	-
Developer Advances Capital Outlay	2,740,065	6,750,204	4,938,727	6,707,519	7,721,477	-
Interest on Developer Advances Capital Outly	534,959	1,397,437	1,652,240	2,703,265	881,371	-
Total	<u>\$ 3,289,976</u>	<u>\$ 8,147,641</u>	<u>\$ 18,301,782</u>	<u>\$ 9,410,784</u>	<u>\$ 20,328,615</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2018 are as follows:

Limited Tax (Convertible to Unlimited Tax) General Obligation Senior Bonds, Series 2018A and Limited Tax General Obligation Subordinated Bonds, Series 2018B

On October 25, 2018, the District issued its \$9,995,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Senior Bonds, Series 2018A (the "Series 2018A Bonds") and \$1,689,000 Limited Tax General Obligation Subordinate Bonds, Series 2018B (the "Series 2018B Bonds" and with the Series 2018A Bonds, the "2018 Bonds"), for the purpose of funding and reimbursing public improvements related to the portion of the Development that is within the District, paying the costs associated with the 2018 Bonds, and with respect to the Series 2018A Bonds only, funding capitalized interest on the Series 2018A Bonds and funding the Senior Reserve Fund. The Series 2018A Bonds bear interest at 5.75%, payable semiannually on each June 1 and December 1, commencing on December 1, 2018. The Series 2018B Bonds bear interest at a rate of 8.25%, payable annually on December 15, commencing on December 15, 2018, to the extent that Subordinate Pledged Revenues are available. The Series 2018A Bonds are subject to mandatory sinking fund redemption on

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax (Convertible to Unlimited Tax) General Obligation Senior Bonds, Series 2018A and Limited Tax General Obligation Subordinated Bonds, Series 2018 (Continued)

December 1, beginning on December 1, 2023, and are subject to redemption prior to maturity, at the option of the District, beginning December 1, 2023, in whole or in part, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2018A Bonds are further subject to special mandatory redemption to the extent there are moneys remaining in the Senior Project Fund on the third anniversary of the closing date of the Series 2018A Bonds or upon all payment of Project Costs, which remaining moneys will be applied to the redemption of the Series 2018A Bonds. The Series 2018B Bonds are cash flow bonds, meaning there are no scheduled payments of interest or principal prior to maturity. Instead, principal is payable on each December 15 to the extent there are Subordinate Pledged Revenues available.

The Series 2018A Bonds are secured by the Senior Required Mill Levy (net of the collection costs), the portion of the Specific Ownership Tax which is attributed to the Senior Required Mill Levy, PIF Revenues (net of the collection costs) (per the PIF Covenant discussed below), any other legally available amounts the District may designate by resolution of the Board, to be paid to the Trustee for deposit in the Senior Reserve Fund, and all income or other gain, if any, from any investment of the foregoing. The Senior 2018A Bonds are also secured by the Capitalized Interest Fund in the initial amount of \$919,540, the Senior Reserve Fund in the amount of \$855,125 and the Surplus Fund, to the extent funded, in an amount up to \$999,500. The Series 2018B Bonds are secured by the Subordinate Required Mill Levy Revenues (net of collection costs), the portion of the Specific Ownership Tax which is attributed to the Subordinate Required Mill Levy, Subordinate PIF Revenues (net of the collection costs) (per the PIF Covenants discussed below), moneys available upon termination of the Surplus Fund, if any, and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee.

As of December 31, 2018, the District has \$865,646 deposited in the Capitalized Interest Fund, \$856,692 in the Senior Reserve Fund, and \$0 in the Surplus Fund.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The District's long-term obligations relating to the 2018A Senior General Obligation Bonds will mature as follows:

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 574,713	\$ 574,713
2020	-	574,713	574,713
2021	-	574,713	574,713
2022	-	574,713	574,713
2023	55,000	574,713	629,713
2024-2028	645,000	2,791,627	3,436,627
2029-2033	1,065,000	2,560,764	3,625,764
2034-2038	1,620,000	2,194,776	3,814,776
2039-2043	2,370,000	1,647,952	4,017,952
2044-2048	4,240,000	856,463	5,096,463
Total	<u>\$ 9,995,000</u>	<u>\$ 12,925,147</u>	<u>\$ 22,920,147</u>

Because of the uncertainty of the timing of the principal and interest payments on the Series 2018B Bonds, no schedule of principal and interest payments is presented.

Authorized Debt

On November 6, 2012, a majority of the qualified electors of the District authorized the issuance of indebtedness for capital improvements in an amount not to exceed \$245,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2018, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Authorized November 6, 2012 Election</u>	<u>Amount Used</u>	<u>Authorized But Unissued</u>
Capital Improvements	\$ 245,000,000	\$ 11,684,000	\$ 233,316,000
Operations and Maintenance	49,000,000	-	49,000,000
Refundings	49,000,000	-	49,000,000
IGA's as Debt	49,000,000	-	49,000,000
Total	<u>\$ 392,000,000</u>	<u>\$ 11,684,000</u>	<u>\$ 380,316,000</u>

Pursuant to the Service Plan, the District and District No. 1 are permitted to issue bond indebtedness in an aggregate amount up to \$49,000,000 (Combined Debt Limit), at an interest rate not to exceed 18%. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

Operation Funding Agreements

The District entered into an Operation Funding Agreement with Green Gables Development Company, Inc. (the "Developer") dated January 16, 2013, with an effective date of January 10, 2013, as amended by the First Amendment to Operation Funding Agreement dated October 15, 2014 (collectively, the "OFA"). Pursuant to the OFA, the Developer agreed to advance funds to the District for payment of operations and maintenance expenses for fiscal years 2013 through 2015 up to the shortfall amount of \$50,000. The District has agreed to reimburse the Developer for funds advanced under the OFA, together with interest thereon, at the rate of 8.0% per annum. Payments made under the OFA shall be applied first to interest and then to principal. To the extent the District has not reimbursed the Developer for any amounts advanced under the OFA on or before December 31, 2053, such amounts outstanding will be deemed discharged and satisfied in full. The OFA does not constitute a debt or indebtedness of the District or a multiple fiscal year obligation and any reimbursement under the OFA is subject to annual appropriation.

As of December 31, 2018, the balance outstanding on the OFA, is \$15,834 consisting of \$11,024 of principal and \$4,810 of accrued interest.

Facilities Funding and Acquisition Agreements

The District and the Developer entered into a Facilities Funding and Acquisition Agreement ("FFAA") dated January 16, 2013, with an effective date of January 10, 2013. Pursuant to the FFAA, the Developer agrees to make advances to the District in an amount not to exceed \$5,000,000 (the "Shortfall Amount") for the purpose of paying organization expenses and funding the construction and/or acquisition of public improvements. The Developer agrees to make such advances on a periodic basis during fiscal year 2013. The District has agreed to reimburse the Developer for funds advanced under the FFAA, together with interest thereon at the rate of 8.0% per annum. The FFAA does not constitute debt, but is an annual appropriation agreement intended to be repaid through future bond issuances, to the extent revenues are available and appropriated therefor.

On November 20, 2013, the District and the Developer entered into a First Amendment to FFAA ("First Amendment to FFAA"). The First Amendment to FFAA extended the term the Developer agreed to make advances to the District through 2014.

On November 18, 2015, the District and the Developer entered into a Second Amendment to FFAA ("Second Amendment to FFAA"). The Second Amendment to FFAA extended the term the Developer agreed to make advances to the District through 2016.

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Facilities Funding and Acquisition Agreements (Continued)

On October 25, 2018, the District and the Developer entered into a Third Amendment to FFAA ("Third Amendment to FFAA"). The Third Amendment to FFAA extended the term the Developer agreed to make advances to the District through 2019 and increased the Shortfall Amount to \$12,000,000.

On November 14, 2018, the District and the Developer entered into a Fourth Amendment to FFAA ("Fourth Amendment to FFAA"). The Fourth Amendment to FFAA increased the Shortfall Amount to \$15,000,000.

As of December 31, 2018, the balance outstanding on the FFAA, as amended, is \$8,602,848, consisting of \$7,721,477 of principal and \$881,371 of accrued interest.

NOTE 6 NET POSITION

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

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2018, as follows:

	Governmental Activites
Restricted Net Position:	
Emergency Reserves	\$ 2,500
Capital Projects	7,069
Debt Service	1,724,285
Total	\$ 1,733,854

The District has a deficit in unrestricted net position. The deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements

NOTE 7 DISTRICT AGREEMENTS

Jefferson County IGA

On May 31, 2013, the District entered into an Intergovernmental Agreement with Jefferson County, state of Colorado, and District No. 1 (IGA). The IGA designates the terms under which the County will be responsible for maintenance of certain public roadways upon acceptance, but will not be responsible for the maintenance of the Architectural and Design Elements, which are not related to the structural integrity or safety of the roadway, and which are cosmetic. The Districts shall, at their sole cost and expense be responsible for the maintenance, repair and replacement of the Architectural and Design Elements described in the IGA in perpetuity.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 DISTRICT AGREEMENTS (CONTINUED)

Jefferson County IGA (Continued)

The IGA was amended April 18, 2017 to include open space tracts to be held and managed by Jefferson County. The District will be responsible for maintenance of public improvements in the open space tracts.

Intergovernmental Agreement for Cost Sharing

On October 23, 2018, the District and District No. 1 entered into an Intergovernmental Agreement for Cost Sharing ("Cost Sharing IGA"). The purpose of the Cost Sharing IGA is to: (i) identify and approve the allocation of the Shared Costs (as defined in the Cost Sharing IGA) as between the District and District No. 1; (ii) evidence the agreement of the District and District No. 1 to assume the obligation to reimburse the Developer for their respective share of the Allocated Costs (as defined in the Cost Sharing IGA); and (iii) agree and acknowledge that the method of determining the allocation of the Allocated Costs will apply to the remaining Shared Improvements to be constructed by either the District or District No. 1 in the future.

PIF Covenant

On February 13, 2015, Green Gables Development Company, Inc., as the owner of certain real property within the District and District No. 1, recorded the Declaration of Covenants Imposing and Implementing Public Improvement Fees (the "PIF Covenant"). The PIF Covenant impose a public improvement fee in the amount 3.5% ("PIF") on all retail transaction (subject to certain exemptions) within the District and District No. 1. The revenues derived from the PIF are pledged to the 2018 Bonds.

NOTE 8 RELATED PARTY

The majority of the members on the Board of Directors are employees, owners, or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 9 INTERFUND TRANSFERS

The transfer from the General Fund to the Capital Projects Fund was to fund administration expenditures related to capital projects.

The transfer from the Capital Projects Fund to the Debt Service Fund was to fund initial balances in the capitalized interest and reserve funds.

GREEN GABLES METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2018. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 6, 2012, a majority of the District's electors authorized the District to collect and spend or retain in a reserve the full amount of all currently levied taxes and fees of the District annually, without regard to any limitations under TABOR.

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

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

SUPPLEMENTARY INFORMATION

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ -	\$ 10,000	\$ 7,091	\$ (2,909)
Total Revenues	-	10,000	7,091	(2,909)
EXPENDITURES				
Debt Service:				
Bond Interest Series 2018A	-	57,471	57,471	-
Total Expenditures	-	57,471	57,471	-
EXCESS OF REVENUES UNDER EXPENDITURES	-	(47,471)	(50,380)	(2,909)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Fund	-	1,774,665	1,774,665	-
Total Other Financing Sources	-	1,774,665	1,774,665	-
NET CHANGE IN FUND BALANCES	-	1,727,194	1,724,285	(2,909)
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,727,194</u>	<u>\$ 1,724,285</u>	<u>\$ (2,909)</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Interest Income	\$ -	\$ 20,000	\$ 10,932	\$ (9,068)
Total Revenues	-	20,000	10,932	(9,068)
EXPENDITURES				
Repay Developer Advance - Principal	-	7,000,000	6,707,519	292,481
Repay Developer Advance - Interest	-	3,175,182	2,703,265	471,917
Bond Issue Costs	-	532,653	532,653	-
Accounting	-	2,500	1,350	1,150
Engineering Costs	-	15,000	15,084	(84)
Capital Outlay	-	4,500,000	4,938,727	(438,727)
Total Expenditures	-	15,225,335	14,898,598	326,737
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	(15,205,335)	(14,887,666)	317,669
OTHER FINANCING SOURCES (USES)				
Bond Proceeds Series 2018 A	-	9,995,000	9,995,000	-
Bond Proceeds Series 2018 B	-	1,689,000	1,689,000	-
Developer Advance	-	5,249,000	4,938,727	(310,273)
Transfers from Other Fund	-	47,000	46,673	(327)
Transfers to Other Fund	-	(1,774,665)	(1,774,665)	-
Total Other Financing Sources (Uses)	-	15,205,335	14,894,735	(310,600)
NET CHANGE IN FUND BALANCES				
	-	-	7,069	7,069
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR				
	\$ -	\$ -	\$ 7,069	\$ 7,069

GREEN GABLES METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE OBLIGATIONS AND INTEREST
REQUIREMENTS TO MATURITY
LONG-TERM DEBT
DECEMBER 31, 2018

GREEN GABLES METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE OBLIGATIONS AND INTEREST
\$9,995,000 Limited Tax (Convertible to Unlimited Tax) General Obligation
Senior Bonds Series 2018A
Interest at 5.75% , Dated October 25, 2018
Interest payable June 1 and December 1
Principal payable December 1
Principal Payable December 1

Bonds and Interest Maturing in the Year Ending December 31.	Principal	Interest	Total
2019	\$ -	\$ 574,713	\$ 574,713
2020	-	574,713	574,713
2021	-	574,713	574,713
2022	-	574,713	574,713
2023	55,000	574,713	629,713
2024	105,000	571,550	676,550
2025	110,000	565,513	675,513
2026	130,000	559,188	689,188
2027	140,000	551,713	691,713
2028	160,000	543,663	703,663
2029	175,000	534,463	709,463
2030	195,000	524,400	719,400
2031	210,000	513,188	723,188
2032	235,000	501,113	736,113
2033	250,000	487,600	737,600
2034	275,000	473,225	748,225
2035	295,000	457,413	752,413
2036	325,000	440,450	765,450
2037	345,000	421,763	766,763
2038	380,000	401,925	781,925
2039	405,000	380,075	785,075
2040	440,000	356,788	796,788
2041	470,000	331,488	801,488
2042	510,000	304,463	814,463
2043	545,000	275,138	820,138
2044	590,000	243,800	833,800
2045	625,000	209,875	834,875
2046	675,000	173,938	848,938
2047	720,000	135,125	855,125
2048	1,630,000	93,725	1,723,725
TOTAL	\$ 9,995,000	\$ 12,925,147	\$ 22,920,147

GREEN GABLES METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2018

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2014	\$ 531,135	40.000	\$ 21,245	\$ 7,076	33.31 % (2)
2015	176,897	40.000	7,076	7,076	100.00
2016	1,244,100	40.000	49,764	49,764	100.00
2017	1,244,100	40.000	49,764	49,764	100.00
2018	1,858,239	40.000	74,330	74,330	100.00
Estimated for Year Ending December 31, 2019	3,205,552	64.267	206,012		

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

(2) Includes a property tax abatement of \$14,170 paid to taxpayers.

ANNUAL DISCLOSURE

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
HISTORY OF ASSESSED VALUATION AND MILL LEVIES FOR THE DISTRICT
TABLE #1**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>	<u>General Fund Mill Levy</u>
2013	2014	\$ 531,135	- %	40.000
2014	2015	176,897	(66.69)	40.000
2015	2016	1,244,100	603.29	40.000
2016	2017	1,244,100	-	40.000
2017	2018	1,858,239	49.36	40.000
2018	2019	3,205,552	72.50	64.267

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
PROPERTY TAX COLLECTIONS IN THE DISTRICT
TABLE #2**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Levied</u>	<u>Current Tax Collection</u>	<u>Collection Rate</u>
2013	2014	\$ 21,245	\$ 7,076	33.31 %
2014	2015	7,076	7,076	100.00
2015	2016	49,764	49,764	100.00
2016	2017	49,764	49,764	100.00
2017	2018	74,330	74,330	100.00
2018	2019	206,012	-	-

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
TABLE #3**

Property Class	Total Assessed Valuation	Percentage of Taxpayer / Assessed Valuation
Valuation Year - 2018		
Vacant	\$ 1,045,552	33%
Residential	<u>2,160,000</u>	<u>67</u>
Total	<u><u>\$ 3,205,552</u></u>	<u><u>100%</u></u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
TEN LARGEST OWNERS OF PROPERTY WITHIN THE DISTRICT
TABLE #4**

Taxpayer Name	Assessed Valuation	Percentage of Taxpayer / Assessed Valuation
Valuation Year - 2018		
Vanguard Green Gables Owner	\$ 2,160,000	67.4 %
Green Gables Development Co Inc.	640,244	20.0
MMC Two LLC	405,308	12.6
Total	<u>\$ 3,205,552</u>	<u>100.0 %</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
SELECTED RATIOS OF THE DISTRICT (DIRECT DEBT OF THE DISTRICT)
TABLE #5**

Property Class	Total Debt	Senior Debt
Direct Debt	\$ 11,684,000	\$ 9,995,000
Overlapping Debt	143,145	143,145
Total Direct Debt and Overlapping Debt	\$ 11,827,145	\$ 10,138,145
2018 Certified Assessed Valuation	3,205,552	3,205,552
Ratio of Direct Debt to 2018 Certified Assessed Valuation	364%	312%
2018 District Statutory "Actual" Value (4)	33,605,350	33,605,350
Ratio of Direct Debt to 2018 District Statutory "Actual" Value	34.77%	29.74%
Ratio of Direct Debt Plus Overlapping Debt to 2018 District Statutory "Actual Value"	35.19%	30.17%

(4) Calculated using a statutory formula under which assessed valuation is calculated at 7.20% of the statutory "actual" value of residential property in the District and 29% of the statutory "actual" value of other property within the District

GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND (UNAUDITED)
(PAST FIVE YEARS)
TABLE #6

	2014	2015	2016	2017	2018
REVENUES					
Property Taxes	\$ 7,076	\$ 7,076	\$ 49,764	\$ 49,764	\$ 74,330
Specific Ownership Taxes	1,647	590	3,991	4,862	6,883
Other Income	-	-	-	671	-
Developer Advances	6,024	-	-	-	-
Total Revenues	<u>14,747</u>	<u>7,666</u>	<u>53,755</u>	<u>55,297</u>	<u>81,213</u>
EXPENDITURES					
Accounting and Legal Services	9,803	5,207	9,466	12,775	29,236
Administrative	4,340	2,542	8,868	7,212	9,034
Insurance and Bonds	326	2,023	2,662	2,738	2,738
Total Expenditures	<u>14,469</u>	<u>9,772</u>	<u>20,996</u>	<u>22,725</u>	<u>41,008</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	278	(2,106)	32,759	32,572	40,205
OTHER SOURCES OF FINANCING					
Transfers In (Out)	-	-	-	-	(46,673)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	278	(2,106)	32,759	32,572	(6,468)
Fund Balance - Beginning of Year	<u>3,488</u>	<u>3,766</u>	<u>1,660</u>	<u>34,419</u>	<u>66,991</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,766</u>	<u>\$ 1,660</u>	<u>\$ 34,419</u>	<u>\$ 66,991</u>	<u>\$ 60,523</u>

GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND (UNAUDITED)
(PAST FIVE YEARS)
TABLE #7

	2014	2015	2016	2017	2018
REVENUES					
Developer Advance	\$ -	\$ -	\$ -	\$ -	\$ 4,938,727
Bond Proceeds	-	-	-	-	11,684,000
Other Income	-	-	-	-	10,932
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,633,659</u>
EXPENDITURES					
Capital Outlay	-	-	-	-	4,938,727
Repay Developer Advance	-	-	-	-	9,410,784
Bond Issue Costs	-	-	-	-	532,653
Accounting	-	-	-	-	1,350
Engineering	-	-	-	-	15,084
Legal Services	-	-	-	-	-
Consulting	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,898,598</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	1,735,061
OTHER SOURCES OF FINANCING					
Transfers In (Out)	-	-	-	-	(1,727,992)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-	7,069
Fund Balance - Beginning of Year	-	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,069</u>

GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND (UNAUDITED)
(PAST FIVE YEARS)
TABLE #8

	2014	2015	2016	2017	2018
REVENUES					
Other Income	\$ -	\$ -	\$ -	\$ -	\$ 7,091
Total Revenues	-	-	-	-	7,091
EXPENDITURES					
Bond Interest Senior Bond	-	-	-	-	57,471
Contingency	-	-	-	-	-
Legal Services	-	-	-	-	-
County Treasurer Fees	-	-	-	-	-
Paying Agent/Trustee Fees	-	-	-	-	-
Total Expenditures	-	-	-	-	57,471
EXCESS OF REVENUES UNDER EXPENDITURES	-	-	-	-	(50,380)
OTHER SOURCES OF FINANCING					
Transfers In (Out)	-	-	-	-	1,774,665
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-	1,724,285
Fund Balance - Beginning of Year	-	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,724,285</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
BUDGET SUMMARY AND COMPARISON – GENERAL FUND
TABLE #9**

	2018			2019
	Budget	Actual	Variance	Budget
REVENUES				
Property Taxes	\$ 74,330	\$ 74,330	\$ -	\$ 34,335
Specific Ownership Taxes	5,950	6,883	933	2,060
Net Investment Income	1,000	-	(1,000)	500
Total Revenues	<u>81,280</u>	<u>81,213</u>	<u>(67)</u>	<u>36,895</u>
EXPENDITURES				
Current:				
Accounting	17,000	16,423	577	25,000
Audit	5,000	-	5,000	5,000
County Treasurer's Fees	1,115	1,115	-	515
District Management	6,000	6,796	(796)	15,000
Dues and Membership	500	281	219	350
Election	1,250	600	650	-
Insurance	2,900	2,738	162	3,045
Engineering	3,000	-	3,000	3,000
Legal	15,000	12,813	2,187	20,000
Miscellaneous	100	242	(142)	100
Contingency	2,135	-	2,135	2,990
Total Expenditures	<u>54,000</u>	<u>41,008</u>	<u>12,992</u>	<u>75,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27,280	40,205	12,925	(38,105)
OTHER FINANCING SOURCES (USES)				
Transfers to other fund	(47,000)	(46,673)	327	-
Total Other Financing Sources (Uses)	<u>(47,000)</u>	<u>(46,673)</u>	<u>327</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(19,720)	(6,468)	13,252	(38,105)
Fund Balance - Beginning of Year	<u>59,961</u>	<u>66,991</u>	<u>7,030</u>	<u>108,415</u>
FUND BALANCES - END OF YEAR	<u>\$ 40,241</u>	<u>\$ 60,523</u>	<u>\$ 20,282</u>	<u>\$ 70,310</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
BUDGET SUMMARY AND COMPARISON – CAPITAL PROJECTS FUND
TABLE #10**

	2018			2019
	Budget	Actual	Variance	Budget
REVENUES				
Bond Proceeds Series 2016 A	\$ 9,995,000	\$ 9,995,000	\$ -	\$ -
Bond Proceeds Series 2016 B	1,689,000	1,689,000	-	-
Developer Advance	5,249,000	4,938,727	(310,273)	-
Net Investment Income	20,000	10,932	(9,068)	-
Total Revenues	<u>16,953,000</u>	<u>16,633,659</u>	<u>(319,341)</u>	<u>-</u>
EXPENDITURES				
Capital Outlay	4,500,000	4,938,727	(438,727)	-
Repay Developer Advance	10,175,182	9,410,784	764,398	-
Bond Issue Costs	532,653	532,653	-	-
Accounting	2,500	1,350	1,150	-
Engineering Costs	15,000	15,084	(84)	-
Total Expenditures	<u>15,225,335</u>	<u>14,898,598</u>	<u>326,737</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	1,727,665	1,735,061	7,396	-
OTHER FINANCING SOURCES (USES)				
Transfers from Other Fund	47,000	46,673	327	-
Transfers to Other Fund	(1,774,665)	(1,774,665)	-	-
Total Other Financing Sources (Uses)	<u>(1,727,665)</u>	<u>(1,727,992)</u>	<u>327</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	-	7,069	7,069	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR				
	<u>\$ -</u>	<u>\$ 7,069</u>	<u>\$ 7,069</u>	<u>\$ -</u>

**GREEN GABLES METROPOLITAN DISTRICT NO. 2
ANNUAL DISCLOSURE
BUDGET SUMMARY AND COMPARISON – DEBT SERVICE FUND
TABLE #11**

	2018			2019
	Budget	Actual	Variance	Budget
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ 171,677
Specific Ownership Taxes	-	-	-	10,301
Public Improvement Fee	-	-	-	12,614
Net Investment Income	10,000	7,091	(2,909)	-
Total Revenues	<u>10,000</u>	<u>7,091</u>	<u>(2,909)</u>	<u>194,592</u>
EXPENDITURES				
Debt Service:				
County Treasurer's Fees	-	-	-	2,575
Bond Interest	57,471	57,471	-	574,713
Paying Agent Fees	-	-	-	5,000
Contingency	-	-	-	2,712
Total Expenditures	<u>57,471</u>	<u>57,471</u>	<u>-</u>	<u>585,000</u>
EXCESS OF REVENUES UNDER EXPENDITURES				
	(47,471)	(50,380)	(2,909)	(390,408)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Fund	<u>1,774,665</u>	<u>1,774,665</u>	-	-
Total Other Financing Sources	<u>1,774,665</u>	<u>1,774,665</u>	-	-
NET CHANGE IN FUND BALANCES				
	1,727,194	1,724,285	(2,909)	(390,408)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,717,194</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,727,194</u></u>	<u><u>\$ 1,724,285</u></u>	<u><u>\$ (2,909)</u></u>	<u><u>\$ 1,326,786</u></u>