

**SADDLER RIDGE METROPOLITAN
DISTRICT
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2018

**SADDLER RIDGE METROPOLITAN DISTRICT
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Independent Auditor's Report

Members of the Board of Directors
Saddler Ridge Metropolitan District
Weld County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major funds of Saddler Ridge 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.

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 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 and the major funds of Saddler Ridge Metropolitan District, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows 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.

Other Matters

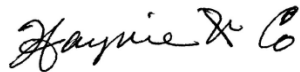
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Saddle Ridge Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents 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. Such 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.



Littleton, Colorado
September 24, 2019

BASIC FINANCIAL STATEMENTS

**SADDLER RIDGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 19,481	\$ 20,980	\$ 40,461
Cash and Investments - Restricted	41,507	-	41,507
Receivable from County Treasurer	246	-	246
Accounts Receivable	1,620	21,990	23,610
Property Taxes Receivable	68,684	-	68,684
Capital Assets, Not Being Depreciated	2,537,028	-	2,537,028
Capital Assets, Net of Accumulated Depreciation	3,400,674	-	3,400,674
Total Assets	<u>6,069,240</u>	<u>42,970</u>	<u>6,112,210</u>
LIABILITIES			
Accounts Payable	50,642	8,591	59,233
Noncurrent Liabilities:			
Due In More Than One Year	10,640,829	244,376	10,885,205
Total Liabilities	<u>10,691,471</u>	<u>252,967</u>	<u>10,944,438</u>
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	68,684	-	68,684
Unearned Revenue	-	448	448
Total Deferred Inflows of Resources	<u>68,684</u>	<u>448</u>	<u>69,132</u>
NET POSITION			
Net Investment in Capital Assets	(6,272,997)	-	(6,272,997)
Restricted for:			
Emergency Reserves	3,100	-	3,100
Debt Service	37,651	-	37,651
Unrestricted	1,541,331	(210,445)	1,330,886
Total Net Position	<u>\$ (4,690,915)</u>	<u>\$ (210,445)</u>	<u>\$ (4,901,360)</u>

See accompanying Notes to Basic Financial Statements.

**SADDLER RIDGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government Activities:							
General Government	\$ 366,695	\$ 49,276	\$ -	\$ 30,000	\$ (287,419)	\$ -	\$ (287,419)
Interest and Related Costs on Long-Term Debt	72,731	-	-	-	(72,731)	-	(72,731)
	\$ 439,426	\$ 49,276	\$ -	\$ 30,000	(360,150)	-	(360,150)
Business-Type Activities:							
Sewer Enterprise	\$ 158,825	\$ 36,475	\$ -	\$ 36,000	-	(86,350)	(86,350)
	\$ 158,825	\$ 36,475	\$ -	\$ 36,000	(360,150)	(86,350)	(446,500)
GENERAL REVENUES							
Property Taxes					41,444	-	41,444
Specific Ownership Taxes					3,228	-	3,228
Interest Income					1,266	-	1,266
Total General Revenues					45,938	-	45,938
CHANGE IN NET POSITION					(314,212)	(86,350)	(400,562)
Net Position - Beginning of Year					(4,376,703)	(124,095)	(4,500,798)
NET POSITION - END OF YEAR					\$ (4,690,915)	\$ (210,445)	\$ (4,901,360)

See accompanying Notes to Basic Financial Statements.

**SADDLER RIDGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 19,471	\$ -	\$ 10	\$ 19,481
Cash and Investments - Restricted	3,100	37,528	879	41,507
Receivable from County Treasurer	123	123	-	246
Accounts Receivable	1,620	-	-	1,620
Property Taxes Receivable	34,342	34,342	-	68,684
Total Assets	\$ 58,656	\$ 71,993	\$ 889	\$ 131,538
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 23,687	\$ -	\$ 26,955	\$ 50,642
Total Liabilities	23,687	-	26,955	50,642
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	34,342	34,342	-	68,684
Total Deferred Inflows of Resources	34,342	34,342	-	68,684
FUND BALANCES				
Restricted for				
Emergency Reserves	3,100	-	-	3,100
Debt Service	-	37,651	-	37,651
Unassigned	(2,473)	-	(26,066)	(28,539)
Total Fund Balances	627	37,651	(26,066)	12,212
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 58,656	\$ 71,993	\$ 889	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets are reported as assets in the statement of net position but are recorded as expenditures in the funds.				
Capital Assets, Not Being Depreciated				2,537,028
Capital Assets, Net of Depreciation				3,400,674
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(8,935,000)
Developer Advances Payable				(1,584,043)
Accrued Interest on Developer Advances				(121,786)
Net Position of Governmental Activities				\$ (4,690,915)

See accompanying Notes to Basic Financial Statements.

**SADDLER RIDGE METROPOLITAN DISTRICT
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	\$ 20,722	\$ 20,722	\$ -	\$ 41,444
Specific Ownership Taxes	1,614	1,614	-	3,228
Net Investment Income	338	818	110	1,266
O&M Fee	27,484	-	-	27,484
Supplemental Operations Fee	19,119	-	598	19,717
Transfer Fees	600	-	-	600
System Development Fees	30,000	-	-	30,000
Architecture Review Fee Income	1,475	-	-	1,475
Total Revenues	<u>101,352</u>	<u>23,154</u>	<u>708</u>	<u>125,214</u>
EXPENDITURES				
General and Administrative:				
Accounting	42,974	-	15,422	58,396
Audit	5,100	-	-	5,100
County Treasurer's Fee	315	315	-	630
Directors' Fees	900	-	-	900
Dues	779	-	-	779
Insurance	7,508	-	-	7,508
District Management	39,321	-	-	39,321
Legal	9,959	-	3,733	13,692
Miscellaneous	543	-	-	543
Payroll Taxes	69	-	-	69
Election	1,373	-	-	1,373
Landscaping	5,900	-	-	5,900
Utilities - Water	36,582	-	-	36,582
Website	300	-	-	300
Architectural Review	968	-	-	968
Landscape Snow Removal & Other	16,936	-	-	16,936
Landscape Contract	17,053	-	-	17,053
Capital:				
Contingency for PEI and JR	-	-	137,314	137,314
Earthwork	-	-	46,559	46,559
Erosion Control - Earthworks	-	-	12,600	12,600
General Requirements - Earthworks	-	-	5,547	5,547
UV System	-	-	43,000	43,000
Ponds - Earthworks	-	-	55,814	55,814
Engineering	-	-	15,136	15,136
Water Main - Potable	-	-	17,432	17,432
Construction Management	-	-	73,345	73,345
Land Purchase for Sewer	-	-	2,083	2,083
Storm System - Earthworks	-	-	37,460	37,460
Roadway System - Earthworks	-	-	582,001	582,001
Sewer	-	-	45,431	45,431
Capital Outlay	-	-	490,780	490,780
Total Expenditures	<u>186,580</u>	<u>315</u>	<u>1,583,657</u>	<u>1,770,552</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(85,228)	22,839	(1,582,949)	(1,645,338)
OTHER FINANCING SOURCES (USES)				
Bond Issuance	-	-	1,609,000	1,609,000
Repay Developer Advance	(30,000)	-	-	(30,000)
Developer Advance	144,856	-	509,232	654,088
Total Other Financing Sources (Uses)	<u>114,856</u>	<u>-</u>	<u>2,118,232</u>	<u>2,233,088</u>
NET CHANGE IN FUND BALANCES	29,628	22,839	535,283	587,750
Fund Balances - Beginning of Year	(29,001)	14,812	(561,349)	(575,538)
FUND BALANCES - END OF YEAR	<u>\$ 627</u>	<u>\$ 37,651</u>	<u>\$ (26,066)</u>	<u>\$ 12,212</u>

See accompanying Notes to Basic Financial Statements.

**SADDLER RIDGE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Governmental Funds \$ 587,750

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of any cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	1,549,366
Depreciation	(145,824)

Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advance	(654,088)
Repay Developer Advance - Interest	20,910
Repay Developer Advance - Principal	9,090
Bond Issuance - Series 2017B	(1,609,000)

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

Accrued Interest on Developer Advances - Change in Liability	(72,416)
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Change in Net Position of Governmental Activities	\$ (314,212)
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**SADDLER RIDGE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 21,014	\$ 21,014	\$ 20,722	\$ (292)
Specific Ownership Taxes	1,260	1,260	1,614	354
Net Investment Income	100	100	338	238
O&M Fee	24,000	24,000	27,484	3,484
Supplemental Operations Fee	7,959	7,959	19,119	11,160
Transfer Fees	-	-	600	600
System Development Fees	50,000	50,000	30,000	(20,000)
Architecture Review Fee Income	-	-	1,475	1,475
Total Revenues	<u>104,333</u>	<u>104,333</u>	<u>101,352</u>	<u>(2,981)</u>
EXPENDITURES				
General and Administrative:				
Accounting	25,000	44,770	42,974	1,796
Audit	5,000	5,000	5,100	(100)
County Treasurer's Fee	315	315	315	-
Directors' Fees	2,400	2,400	900	1,500
Dues	500	500	779	(279)
Insurance	8,500	8,500	7,508	992
District Management	50,000	50,000	39,321	10,679
Legal	5,000	5,000	9,959	(4,959)
Miscellaneous	-	-	543	(543)
Payroll Taxes	200	200	69	131
Election	500	500	1,373	(873)
Landscaping	-	-	5,900	(5,900)
Utilities - Water	18,000	18,000	36,582	(18,582)
Website	840	840	300	540
Architectural Review	3,750	3,750	968	2,782
Landscape Snow Removal & Other	10,000	10,000	16,936	(6,936)
Landscape Contract	33,225	33,225	17,053	16,172
Total Expenditures	<u>163,230</u>	<u>183,000</u>	<u>186,580</u>	<u>(3,580)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(58,897)	(78,667)	(85,228)	(6,561)
OTHER FINANCING SOURCES (USES)				
Developer Advance	109,010	160,000	144,856	(15,144)
Repay Developer Advance	(50,000)	(50,000)	(30,000)	20,000
Total Other Financing Sources (Uses)	<u>59,010</u>	<u>110,000</u>	<u>114,856</u>	<u>4,856</u>
NET CHANGE IN FUND BALANCE				
	113	31,333	29,628	(1,705)
Fund Balance - Beginning of Year	<u>3,256</u>	<u>(29,001)</u>	<u>(29,001)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,369</u>	<u>\$ 2,332</u>	<u>\$ 627</u>	<u>\$ (1,705)</u>

See accompanying Notes to Basic Financial Statements.

**SADDLER RIDGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION – SEWER ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2018**

ASSETS

Cash and Investments	\$	20,980
Accounts Receivable		21,990
Total Assets		42,970

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCES**

LIABILITIES

Accounts payable		8,591
Noncurrent Liabilities:		
Due In More Than One Year		244,376
Total Liabilities		252,967

DEFERRED INFLOWS OF RESOURCES

Unearned revenue		448
Total Deferred Inflows of Resources		448

NET POSITION

Unrestricted		(210,445)
Total Net Position	\$	(210,445)

See accompanying Notes to Basic Financial Statements.

**SADDLER RIDGE METROPOLITAN DISTRICT
SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018**

OPERATING REVENUES	
Sewer Service Fees	\$ 36,475
Total Revenues	<u>36,475</u>
OPERATING EXPENSES	
Administration and General	
Accounting	8,376
District Management	7,046
Legal	616
Sewer Operations	
UV System	27,541
Internet	1,784
Sanitary Sewer Facility Maintenance (MBR)	62,376
Blower Oil	34
Chemicals - Wastewater (Carbon Candy)	4,368
Lab Wastewater Testing - Monthly	2,591
Sewer	<u>33,925</u>
Total Expenditures	<u>148,657</u>
OPERATING INCOME (LOSS)	(112,182)
NONOPERATING REVENUES	
Plant Investment Fees	6,000
Sewer Tap Fees	<u>30,000</u>
Total Nonoperating Revenues	<u>36,000</u>
NONOPERATING EXPENSES	
Interest on Developer Advances	<u>10,168</u>
Total Nonoperating Expenses	<u>10,168</u>
CHANGE IN NET POSITION	(86,350)
Net Position - Beginning of Year	<u>(124,095)</u>
NET POSITION - END OF YEAR	<u><u>\$ (210,445)</u></u>

See accompanying Notes to Basic Financial Statements.

**SADDLER RIDGE METROPOLITAN DISTRICT
SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 14,877
Payments to Suppliers	<u>(156,119)</u>
Net Cash Provided (Required) by Operating Activities	<u>(141,242)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Developer Advances	116,599
Net Cash Provided (Required) by Noncapital Financing Activities	<u>116,599</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Sewer Tap Fees	30,000
Plant Investment Fees	6,000
Net Cash Provided (Required) by Capital and Related Financing Activities	<u>36,000</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 11,357

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 9,623

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 20,980

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ (112,182)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Required) by Operating Activities	
Decrease (Increase) in Accounts Receivable	(21,990)
Increase (Decrease) in Accounts Payable	(7,462)
Increase (decrease) in Unearned Revenue	392
Net Cash Provided (Required) by Operating Activities	<u><u>\$ (141,242)</u></u>

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 DEFINITION OF REPORTING ENTITY

Saddler Ridge Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on August 6, 2003 in Weld County, Colorado, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under an Amended and Restated Service Plan Approved by the Town Council of the Town of Severance, Colorado on July 28, 2008. The District's service area is located in the Town of Severance, Weld County, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water and sanitation service, street construction, installation of safety control devices, construction and maintenance of parks and recreation facilities, public transportation, fire protection, television relay and translation system, security services and mosquito control.

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

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

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

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. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

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.

**SADDLER RIDGE METROPOLITAN DISTRICT
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 activities demonstrates the degree to which the direct 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 and proprietary funds. Major individual governmental and enterprise 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. Redemption of bonds 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 District 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.

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 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.

**SADDLER RIDGE METROPOLITAN DISTRICT
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 proprietary funds:

The Sewer Enterprise Fund accounts for the sewer operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing bases be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivery goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds [and internal service funds] include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total 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.

**SADDLER RIDGE METROPOLITAN DISTRICT
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, sale 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.

Operations and Maintenance Fee

Operations fee was determined by the Board of Directors by a resolution dated August 15, 2018, effective October 1, 2018. The fee is set at \$75 per month per residential unit owned by an end-user.

Transfer Fee

Transfer fee was determined by the Board of Directors by a resolution dated August 15, 2018, effective October 1, 2018. The fee is \$150 per transfer for each residential unit, lot or vacant lot.

System Development Fee

The system development fee was determined by the Board of Directors by a resolution dated and effective May 16, 2018. The fee is set at \$5,000 per commercial unit, single-family unit, townhouse or condominium prior to the issuance of a building permit.

Plant Investment Fee

The plant investment fee was determined by the Board of Directors by a resolution dated August 15, 2018, effective October 1, 2018. The fee is a one-time charge of \$1,000 per vacant lot prior to the issuance of a building permit.

Sewer Tap Fee

The sewer tap fee was determined by the Board of Directors by a resolution dated August 15, 2018, effective October 1, 2018. The fee is a one-time charge of \$5,000 per vacant lot prior to the issuance of a building permit.

Sewer Service Fee

The sewer service fee was determined by the Board of Directors by a resolution dated August 15, 2018, effective October 1, 2018. The fee is set at \$55/month per residential unit and \$220/quarter for each Commercial Unit owned by an end-user.

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Architecture Review Fee

Architecture review fee was set by the Board of Directors by a resolution dated August 15, 2018, effective October 1, 2018. The fee is \$125 per residential unit, lot or vacant lot for residential improvements, and \$275 per lot or vacant lot for new home design.

Sewer Availability Fee

Sewer availability was set by the Board of Directors by a resolution dated August 15, 2018, effective October 1, 2018. The fee is \$379 annually for each lot or vacant lot.

Capital Assets

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

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Recreation	20 years
Sewer and Storm	20 years
Streets/Roadways	20 years

Amortization

In the fund financial statements, governmental fund types recognize bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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 qualify for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

**SADDLER RIDGE METROPOLITAN DISTRICT
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.

Deficits

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2018. The deficit will be eliminated with the receipt of Developer advances in 2019.

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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	\$ 40,461
Cash and Investments - Restricted	41,507
Total Cash and Investments	\$ 81,968

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

Deposits with Financial Institutions	\$ 41,734
Investments	40,234
Total Cash and Investments	\$ 81,968

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 of \$45,003 and a carrying balance of \$41,734.

Investments

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

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

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

**SADDLER RIDGE METROPOLITAN DISTRICT
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	\$ 39,355
Federated Treasury Money Market Fund	Weighted average under 60 days	879
		<u>\$ 40,234</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.

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Federated Treasury Money Market Fund

The debt service money that is included in the trust accounts at Zions Bank is invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2018, follows:

	Balance at January 1, 2017	Additions	Deletions	Balance at December 31, 2018
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,184,050	\$ 1,352,978	\$ -	\$ 2,537,028
Total Capital Assets, Not Being Depreciated	<u>1,184,050</u>	<u>1,352,978</u>	<u>-</u>	<u>2,537,028</u>
Capital Assets Being Depreciated:				
Parks and Recreation	688,937	-	-	688,937
Sewer and Storm	2,309,866	196,388	-	2,506,254
Streets/Roadways	<u>1,277,664</u>	<u>-</u>	<u>-</u>	<u>1,277,664</u>
Total Capital Assets, Being Depreciated	<u>4,276,467</u>	<u>196,388</u>	<u>-</u>	<u>4,472,855</u>
Less Accumulated Depreciation for:				
Parks and Recreation	(185,631)	(22,966)	-	(208,597)
Sewer and Storm	(396,466)	(80,269)	-	(476,735)
Streets/Roadways	<u>(344,260)</u>	<u>(42,589)</u>	<u>-</u>	<u>(386,849)</u>
Total Accumulated, Depreciation	(926,357)	(145,824)	-	(1,072,181)
Total Capital Assets, Being Depreciated, Net	<u>3,350,110</u>	<u>50,564</u>	<u>-</u>	<u>3,400,674</u>
Capital Assets, Net	<u>\$ 4,534,160</u>	<u>\$ 1,403,542</u>	<u>\$ -</u>	<u>\$ 5,937,702</u>

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

General Government	<u>\$ 145,824</u>
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**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 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	Additions	Adjustments	Retirement of Long-Term Obligations	Balance at December 31, 2018
Governmental Activities:					
G.O. Bonds - Series 2017A	\$ 6,350,000	\$ -	\$ -	\$ -	\$ 6,350,000
G.O. Subordinate Bonds - Series 2017B	976,000	1,609,000	-	-	2,585,000
Developer Advances - Capital Third Party Advances	261,396	509,232	(22,867)	9,090	738,671
Accrued Interest - Capital Dev Adv - Third Party Advances	7,024	18,187	-	20,910	4,301
Developer Advances - Operating Third Party Advances	700,516	144,856	-	-	845,372
Accrued Interest - Operating Dev Adv - Third Party Advances	40,389	49,885	27,211	-	117,485
	<u>\$ 8,335,325</u>	<u>\$ 2,331,160</u>	<u>\$ 4,344</u>	<u>\$ 30,000</u>	<u>\$ 10,640,829</u>
Business-Type Activities:					
Developer Advances - Third Party Advances	\$ 112,831	\$ 116,599	\$ -	\$ -	\$ 229,430
Accrued Interest - Developer Advances - Third Party Advances	4,778	10,168	-	-	14,946
	<u>\$ 117,609</u>	<u>\$ 126,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,376</u>

\$6,350,000 Series 2017A General Obligation Bonds

On January 26, 2017, the District issued Series 2017 A General Obligation Limited Tax Bonds (Series 2017A Bonds) in the amount of \$6,350,000. The Series 2017A Bonds bear no interest from the Issue Date until November 30, 2019, they then begin accruing interest at a rate of 1.00% per annum from December 1, 2019 until November 30, 2022, and from December 1, 2022 onward they bear interest at a rate of 5.00% per annum. Interest payments begin December 1, 2023.

The Series 2017A Bonds are subject to redemption priority, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, on any date, upon payment of the principal amount so redeemed plus accrued interest on the date of redemption, without redemption premium.

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$6,350,000 Series 2017A General Obligation Bonds (Continued)

The Series 2017A Bonds are secured by and payable from the Pledged Revenue, consisting of monies derived by the District from the following sources, after payment of any costs of collection: 1) the Required Mill Levy; 2) the Pledged Specific Ownership Taxes; 3) The Pledged Development Fees; and 4) any other legally available moneys that the Board determines in its sole discretion to credit to the Bond Fund. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of the following mill levies, adjusted, provided the required mill levy does not result in tax revenue in excess of the maximum tax increases permitted by the 2007 Election debt authorization allocated to the bonds.

The maximum Required Mill Levy is subject to adjustment for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2018, the adjusted maximum mill levy is 27.638.

Levy Year	Tax Collection Year	Required Mill Levy (Subject to Adjustment)
2017	2018	20.000 mills
2018 through 2020	2019 through 2021	25.000 mills
2021	2022	45.000 mills
2022 and thereafter	2023 and thereafter	50.000 mills

\$4,650,000 Series 2017B General Obligation Bonds

On January 26, 2017, the District issued Series 2017B General Obligation Limited Tax Bonds (Series 2017B Bonds) with a final amount of \$4,650,000. As of December 31, 2018, the amount drawn on the Series 2017B Bonds was \$2,585,000.

The Series 2017B Bonds bear no interest from the Advance Date until November 30, 2019, they then begin accruing interest at a rate of 1.00% per annum from December 1, 2019 until November 30, 2022, and from December 1, 2022 onward they bear interest at a rate of 5.00% per annum. Interest payments begin December 1, 2023.

The Series 2017B Bonds were issued initially as a single Series 2017B Bond and registered in the name of the Liberty Savings Bank, F.S.B., a Federal Savings Bank (the Bank). The purchase price for the Series 2017B Bonds shall be paid by the Bank in the form of Advances made by the Bank up to the final par amount of \$4,650,000. The District's available voter-approved debt authorization shall be allocated to the Series 2017B Bonds upon receipt of each advance based upon the actual expenditure of the proceeds thereof.

The Series 2017B are subject to mandatory redemption prior to maturity, from and to the extent of excess amounts credited from the Project Fund to the Bond fund. The Series 2017B Bonds are also subject to redemption prior to the maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, on any date, upon payment of the principal amount so redeemed plus accrued interest on the date of redemption, without redemption premium.

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreement

On December 12, 2013 the District and the Bank (collectively, the Parties) entered into a Funding and Reimbursement Agreement (the Agreement). The Agreement provided for \$56,800 funding by the bank of certain District 2013-2014 Operating and Maintenance (O&M) expenses, plus \$540,000 specific capital improvements (CIP Advance) in exchange for the District issuing final acceptance of public infrastructure, as set forth in the Agreement.

On August 11, 2014 the Parties entered into the First Amendment to the Agreement, allowing the District to use up to \$100,000 of the CIP Advance of \$540,000 for administrative, operations and maintenance costs of the District.

On January 6, 2015, the Parties entered into the Second Amendment to the Agreement, allowing the District to use an additional \$100,000 of the CIP Advance of \$540,000 for administrative, operations and maintenance costs of the District and extend the term of the Agreement until December 31, 2015.

On December 15, 2015, the Parties entered into the Third Amendment to the agreement, increasing the CIP O&M Advance for 2015, and allocating additional funds up to \$162,841 for O&M expenses in 2016, leaving a remaining balance of \$81,064 from the original CIP Advance of \$540,000.

On September 21, 2016, the Parties entered into the Fourth Amendment to the Agreement, allocating the remaining balance of \$81,064 from the original CIP Advance and an additional \$442,103 through the end of 2016 as a CIP advance for authorized Infrastructure and Improvements necessary for the District's provision of: (i) up to \$241,000 for sanitary sewer plant/service; (ii) up to \$120,000 for O&M Expense; and (iii) up to \$120,000 for pond repair.

On January 1, 2017 the Parties entered into the Fifth Amendment to the Agreement, under the terms of which the Bank agreed to fund an additional maximum amount of \$210,000 for anticipated General Fund expenses and a maximum amount of \$110,000 for Cost of Issuance expenses incurred by the District. In 2018, the Bank agrees to fund an additional Maximum amount of \$200,000 for anticipate General Fund expenses.

On November 15, 2017, the Parties entered into the Sixth Amendment to the Agreement, stating that in no event shall the Bank assign, transfer or convey all or any portion of its rights to receive repayment from the District. Any purported assignment, transfer or conveyance shall be void.

As of December 31, 2018 the District owes \$1,813,473 and \$136,732 principal and interest, respectively.

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The District's Series 2017A Bonds will mature as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	145,000	508,000	653,000
2024-2028	830,000	1,472,750	2,302,750
2029-2033	1,075,000	1,241,250	2,316,250
2034-2038	1,340,000	947,250	2,287,250
2039-2043	1,715,000	577,250	2,292,250
2044-2046	1,245,000	126,500	1,371,500
Total	<u>\$ 6,350,000</u>	<u>\$ 4,873,000</u>	<u>\$ 11,223,000</u>

The District's Series 2017B Bonds will mature as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	106,000	372,000	478,000
2024-2028	608,000	1,078,400	1,686,400
2029-2033	787,000	908,950	1,695,950
2034-2038	981,000	693,750	1,674,750
2039-2043	1,256,000	422,800	1,678,800
2044-2046	912,000	92,700	1,004,700
Total	<u>\$ 4,650,000</u>	<u>\$ 3,568,600</u>	<u>\$ 8,218,600</u>

Debt Authorization

At December 31, 2018, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 6, 2007 Election	Series 2017A Authorization Used	Series 2017B Authorization Used	Remaining at December 31, 2018
Streets	\$ 9,900,000	\$ 1,710,706	\$ -	\$ 8,189,294
Traffic and Safety	750,000	-	-	750,000
Water	4,100,000	1,780,768	-	2,319,232
Sanitation	10,500,000	2,102,125	2,585,000	5,812,875
Parks and Recreation	6,100,000	756,401	-	5,343,599
Total	<u>\$ 31,350,000</u>	<u>\$ 6,350,000</u>	<u>\$ 2,585,000</u>	<u>\$ 22,415,000</u>

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

Pursuant to the service plan, the total debt that the District shall be permitted to issue shall not exceed \$31,350,000, exclusive of refunding. Additionally, the maximum debt mill levy is 50.000 mills (as adjusted).

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.

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:

Capital Assets, Net	\$ 3,400,674
Outstanding Long-Term Debt Applicable to Capital Assets	(8,935,000)
Outstanding Developer Advances Related to Capital Assets	<u>(738,671)</u>
Net Investment in Capital Assets	<u>\$ (6,272,997)</u>

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

Restricted Net Position:

Emergency Reserves	\$ 3,100
Total Restricted Net Position	<u>\$ 3,100</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, some of which will be conveyed to other governmental entities, and the repayment of Developer advances and related accrued interest.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is the Bank. Certain members of the Board of Directors are employees of, owners of, or otherwise associated with the Developers, and may have conflicts of interest in dealing with the District.

**SADDLER RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 RISK MANAGEMENT

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

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

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

NOTE 9 TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

On January 10, 2007, the District's voters approved for an annual increase in taxes of \$6,336,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

**SADDLER RIDGE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES			
Property Taxes	\$ 21,014	\$ 20,722	\$ (292)
Specific Ownership Taxes	1,260	1,614	354
Net Investment Income	100	818	718
Total Revenues	<u>22,374</u>	<u>23,154</u>	<u>780</u>
EXPENDITURES			
County Treasurer's Fees	<u>315</u>	<u>315</u>	<u>-</u>
Total Expenditures	<u>315</u>	<u>315</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	22,059	22,839	780
Fund Balance - Beginning of Year	<u>12,833</u>	<u>14,812</u>	<u>1,979</u>
FUND BALANCE - END OF YEAR	<u>\$ 34,892</u>	<u>\$ 37,651</u>	<u>\$ 2,759</u>

**SADDLER RIDGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES			
Net Investment Income	\$ 100	\$ 110	\$ 10
Other Revenue	-	598	598
Total Revenues	<u>100</u>	<u>708</u>	<u>608</u>
EXPENDITURES			
Accounting	10,000	15,422	(5,422)
Legal	15,000	3,733	11,267
2 Landscape Meter Vaults	75,000	-	75,000
2nd Flow Valve Meter Replacement	5,700	-	5,700
Automated Sampler (Refrigerated)	4,200	-	4,200
Contingency for PEI and JR	269,241	137,314	131,927
Earthwork	184,719	46,559	138,160
Erosion Control - Earthworks	30,966	12,600	18,366
General Requirements - Earthworks	36,983	5,547	31,436
Misc Plant Equipment	4,500	-	4,500
UV System	85,000	43,000	42,000
Ponds - Earthworks	84,597	55,814	28,783
Engineering	25,000	15,136	9,864
Landscaping	250,000	-	250,000
Water Main - Non Potable	111,171	-	111,171
Water Main - Potable	182,458	17,432	165,026
Construction Management	55,000	73,345	(18,345)
Land Purchase for Sewer	-	2,083	(2,083)
Storm System - Earthworks	241,645	37,460	204,185
Roadway System - Earthworks	767,444	582,001	185,443
Sewer	90,776	45,431	45,345
Capital Outlay	-	490,780	(490,780)
Total Expenditures	<u>2,529,400</u>	<u>1,583,657</u>	<u>945,743</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,529,300)	(1,582,949)	946,351
OTHER FINANCING SOURCES (USES)			
Bond Issuance	2,530,000	1,609,000	(921,000)
Developer Advance	-	509,232	509,232
Total Other Financing Sources (Uses)	<u>2,530,000</u>	<u>2,118,232</u>	<u>(411,768)</u>
NET CHANGE IN FUND BALANCE	<u>700</u>	<u>535,283</u>	<u>534,583</u>
Fund Balance - Beginning of Year	<u>42,094</u>	<u>(561,349)</u>	<u>(603,443)</u>
FUND BALANCE - END OF YEAR	<u>\$ 42,794</u>	<u>\$ (26,066)</u>	<u>\$ (68,860)</u>

**SADDLER RIDGE METROPOLITAN DISTRICT
SEWER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Plant Investment Fees	\$ 10,000	\$ 6,000	\$ (4,000)
Sewer Tap Fees	50,000	30,000	(20,000)
Sewer Service Fees	9,900	36,475	26,575
Total Revenues	<u>69,900</u>	<u>72,475</u>	<u>2,575</u>
EXPENDITURES			
General and Operations:			
Accounting	15,000	8,376	6,624
District Management	15,000	7,046	7,954
Legal	-	616	(616)
Miscellaneous	350	-	350
UV System	-	27,541	(27,541)
Internet	1,200	1,784	(584)
Operation Supplies	375	-	375
Storm Repairs and Maintenance of Sewer	9,000	-	9,000
Sanitary Sewer Facility Maintenance (MBR)	25,200	62,376	(37,176)
Bearing Grease	45	-	45
Blower Filters	640	-	640
Blower Oil	380	34	346
Chemical Cleaning Supplies	75	-	75
Chemicals - Wastewater (Carbon Candy)	2,400	4,368	(1,968)
Emergency and/or Additional Services	1,500	-	1,500
Lab Wastewater Testing - Monthly	7,260	2,591	4,669
Pest Control	785	-	785
Trash	720	-	720
Waste Hauling	900	-	900
Sewer	-	33,925	(33,925)
Total Expenditures	<u>80,830</u>	<u>148,657</u>	<u>(67,827)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,930)	(76,182)	(65,252)
OTHER FINANCING SOURCES (USES)			
Developer Advance	11,000	116,599	105,599
Total Other Financing Sources (Uses)	<u>11,000</u>	<u>116,599</u>	<u>105,599</u>
NET CHANGE IN FUNDS AVAILABLE	70	40,417	40,347
Funds Available - Beginning of Year	266	(6,486)	(6,752)
FUNDS AVAILABLE - END OF YEAR	<u>\$ 336</u>	<u>\$ 33,931</u>	<u>\$ 33,595</u>

OTHER INFORMATION

**SADDLER RIDGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2018**

Bonds and Interest Maturing in the Year Ending December 31,	\$6,350,000			\$4,650,000		
	General Obligation Refunding Bonds Series 2017A, Dated January 26, 2017 Interest Rate 0.0% to 5.0%			General Obligation Refunding Bonds Series 2017B, Dated January 26, 2017 Interest Rate 0.0% to 5.0%		
	Payable December 1			Payable December 1		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	145,000	508,000	653,000	106,000	372,000	478,000
2024	150,000	310,250	460,250	110,000	227,200	337,200
2025	155,000	302,750	457,750	114,000	221,700	335,700
2026	165,000	295,000	460,000	121,000	216,000	337,000
2027	175,000	286,750	461,750	128,000	209,950	337,950
2028	185,000	278,000	463,000	135,000	203,550	338,550
2029	195,000	268,750	463,750	143,000	196,800	339,800
2030	205,000	259,000	464,000	150,000	189,650	339,650
2031	215,000	248,750	463,750	157,000	182,150	339,150
2032	225,000	238,000	463,000	165,000	174,300	339,300
2033	235,000	226,750	461,750	172,000	166,050	338,050
2034	245,000	215,000	460,000	179,000	157,450	336,450
2035	255,000	202,750	457,750	187,000	148,500	335,500
2036	265,000	190,000	455,000	194,000	139,150	333,150
2037	280,000	176,750	456,750	205,000	129,450	334,450
2038	295,000	162,750	457,750	216,000	119,200	335,200
2039	310,000	148,000	458,000	227,000	108,400	335,400
2040	325,000	132,500	457,500	238,000	97,050	335,050
2041	340,000	116,250	456,250	249,000	85,150	334,150
2042	360,000	99,250	459,250	264,000	72,700	336,700
2043	380,000	81,250	461,250	278,000	59,500	337,500
2044	395,000	62,250	457,250	289,000	45,600	334,600
2045	415,000	42,500	457,500	304,000	31,150	335,150
2046	435,000	21,750	456,750	319,000	15,950	334,950
Total	\$ 6,350,000	\$ 4,873,000	\$ 11,223,000	\$ 4,650,000	\$ 3,568,600	\$ 8,218,600

**SADDLER RIDGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2018**

Year Ending December 31,	Total		
	Principal	Interest	Total
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	251,000	880,000	1,131,000
2024	260,000	537,450	797,450
2025	269,000	524,450	793,450
2026	286,000	511,000	797,000
2027	303,000	496,700	799,700
2028	320,000	481,550	801,550
2029	338,000	465,550	803,550
2030	355,000	448,650	803,650
2031	372,000	430,900	802,900
2032	390,000	412,300	802,300
2033	407,000	392,800	799,800
2034	424,000	372,450	796,450
2035	442,000	351,250	793,250
2036	459,000	329,150	788,150
2037	485,000	306,200	791,200
2038	511,000	281,950	792,950
2039	537,000	256,400	793,400
2040	563,000	229,550	792,550
2041	589,000	201,400	790,400
2042	624,000	171,950	795,950
2043	658,000	140,750	798,750
2044	684,000	107,850	791,850
2045	719,000	73,650	792,650
2046	754,000	37,700	791,700
	<u>\$ 11,000,000</u>	<u>\$ 8,441,600</u>	<u>\$ 19,441,600</u>

**SADDLER RIDGE METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2018**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2014	\$ 380,390	50.000	-	\$ 19,020	\$ 18,903	99.39 %
2015	748,710	50.000	-	37,436	37,436	100.00
2016	823,550	50.000	-	41,178	41,178	100.00
2017	743,250	20.000	20.000	29,729	24,284	81.68
2018	995,410	21.111	21.111	42,028	41,444	98.61
Estimated for the year ending December 31, 2019	\$ 1,242,580	27.638	27.638	\$ 68,684		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.