# EBERT METROPOLITAN DISTRICT
**City and County of Denver, Colorado**

# FINANCIAL STATEMENTS
**December 31, 2016**

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Simmons & Wheeler, P.C. Certified Public Accountants
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Board of Directors
Ebert Metropolitan District
City and County of Denver, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ebert Metropolitan District, as of and for the year ended December 31, 2016, 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Ebert Metropolitan District as of December 31, 2016, and the respective changes in financial position and the respective 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 opinions on the financial statements that collectively comprise Ebert Metropolitan District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure annual financial 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 them.

Simmons & Wheeler P.C.

Englewood, CO
July 18, 2017

# BASIC FINANCIAL STATEMENTS

**EBERT METROPOLITAN DISTRICT**
**STATEMENT OF NET POSITION**
**December 31, 2016**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 207,117 |
| Cash and investments - Restricted | 4,470,120 |
| Receivable - County Treasurer | 35,697 |
| Interest receivable | 83 |
| Property taxes receivable | 7,017,581 |
| Total assets | 11,730,598 |
| **DEFERRED OUTLFOWS OF RESOURCES** | |
| Cost of debt refunding | 7,892,750 |
| Total deferred outflows of resources | 7,892,750 |
| **LIABILITIES** | |
| Due to County | 47 |
| Due to Town Center Metropolitan District | 289,922 |
| Accrued interest payable | 339,319 |
| Noncurrent liabilities: | |
| Due within one year | 1,710,000 |
| Due in more than one year | 108,150,000 |
| Total liabilities | 110,489,288 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Property tax revenue | 7,017,581 |
| Total deferred inflows of resources | 7,017,581 |
| **NET POSITION** | |
| Restricted for: | |
| Emergency reserves | 25,000 |
| Conservation trust fund | 10,144 |
| Unrestricted | (97,918,665) |
| Total net position | $ (97,883,521) |

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

**EBERT METROPOLITAN DISTRICT**
**STATEMENT OF ACTIVITIES**
**Year Ended December 31, 2016**

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| **Functions/Programs** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** | **Governmental Activities** |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | $ 16,858,579 | $ - | $ - | $ 47,960 | $ (16,810,619) |
| Interest and fees on long-term debt | 14,671,558 | - | - | - | (14,671,558) |
| | $ 31,530,137 | $ - | $ - | $ 47,960 | (31,482,177) |
| General revenues: | | | | | |
| Property taxes | | | | | 6,679,413 |
| Specific ownership taxes | | | | | 445,445 |
| Other revenue | | | | | 17,986 |
| Net investment income | | | | | 18,508 |
| Total general revenues | | | | | 7,161,352 |
| Change in net position | | | | | (24,320,825) |
| Net position - Beginning | | | | | (73,562,696) |
| Net position - Ending | | | | | $ (97,883,521) |

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

# EBERT METROPOLITAN DISTRICT
## BALANCE SHEET - GOVERNMENTAL FUNDS
### December 31, 2016

| | General | Debt Service | Conservation Trust | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 207,117 | $ - | $ - | $ 207,117 |
| Cash and investments - Restricted | 185,523 | 4,274,453 | 10,144 | 4,470,120 |
| Receivable - County Treasurer | 7,923 | 27,774 | - | 35,697 |
| Interest receivable | 1 | 82 | - | 83 |
| Property taxes receivable | 1,555,414 | 5,462,167 | - | 7,017,581 |
| Total assets | $ 1,955,978 | $ 9,764,476 | $ 10,144 | $ 11,730,598 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Due to Town Center | $ 289,922 | $ - | $ - | $ 289,922 |
| Due to County | 11 | 36 | - | 47 |
| Total liabilities | 289,933 | 36 | - | 289,969 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Property tax revenue | 1,555,414 | 5,462,167 | - | 7,017,581 |
| Total deferred inflows of resources | 1,555,414 | 5,462,167 | - | 7,017,581 |
| **FUND BALANCES** | | | | |
| Restricted for: | | | | |
| Emergencies (TABOR) | 25,000 | - | - | 25,000 |
| Debt service | - | 4,302,273 | - | 4,302,273 |
| Conservation trust fund | - | - | 10,144 | 10,144 |
| Capital projects | 160,523 | - | - | 160,523 |
| Unassigned: | (74,892) | - | - | (74,892) |
| Total fund balances | 110,631 | 4,302,273 | 10,144 | 4,423,048 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | $ 1,955,978 | $ 9,764,476 | $ 10,144 | |

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

| | |
|---|---|
| Loans payable | (109,860,000) |
| Cost of debt refunding, net | 7,892,750 |
| Accrued loan interest | (339,319) |
| Net position of governmental activities | $ (97,883,521) |

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

**EBERT METROPOLITAN DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**Year Ended December 31, 2016**

| | General | Debt Service | Conservation Trust | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ 1,482,299 | $ 5,197,114 | $ - | $ 6,679,413 |
| Specific ownership taxes | 98,865 | 346,580 | - | 445,445 |
| Other income | 17,986 | - | - | 17,986 |
| Net investment income | 5,254 | 12,880 | 374 | 18,508 |
| Conservation trust fund | - | - | 47,960 | 47,960 |
| Total revenues | 1,604,404 | 5,556,574 | 48,334 | 7,209,312 |
| **EXPENDITURES** | | | | |
| Current operations | | | | |
| County Treasurer's fees | 14,554 | 52,281 | - | 66,835 |
| Town Center services reimbursement | 1,531,552 | - | - | 1,531,552 |
| Town Center capital reimbursement | 15,077,827 | - | 78,650 | 15,156,477 |
| Town Center capital replacement | 155,996 | - | - | 155,996 |
| Loan issue costs | 314,129 | 1,929,648 | - | 2,243,777 |
| Debt service | | | | |
| Loan interest | - | 3,235,321 | - | 3,235,321 |
| Loan principal | - | 2,140,000 | - | 2,140,000 |
| Paying agent fees | - | 3,000 | - | 3,000 |
| Total expenditures | 17,094,058 | 7,360,250 | 78,650 | 24,532,958 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (15,489,654) | (1,803,676) | (30,316) | (17,323,646) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Loan issuance | 15,630,000 | 96,370,000 | - | 112,000,000 |
| Payment to refunding escrow | - | (94,381,303) | - | (94,381,303) |
| Transfer (to) from other funds | (1,065,985) | 1,065,985 | - | - |
| Total other financing sources (uses) | 14,564,015 | 3,054,682 | - | 17,618,697 |
| **NET CHANGE IN FUND BALANCES** | (925,639) | 1,251,006 | (30,316) | 295,051 |
| **FUND BALANCES - BEGINNING OF YEAR** | 1,036,270 | 3,051,267 | 40,460 | 4,127,997 |
| **FUND BALANCES - END OF YEAR** | $ 110,631 | $ 4,302,273 | $ 10,144 | $ 4,423,048 |

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

**EBERT METROPOLITAN DISTRICT**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**Year Ended December 31, 2016**

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

| | |
|---|---|
| Net change in fund balance - Total governmental funds | $ 295,051 |
| The issuance of long-term debt (e.g., bonds, leases, Developer advances) provides current financial resources to governmental funds, while the repayment of 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: | |
| Loan issuance | (112,000,000) |
| Net payment to refunding escrow | 93,203,895 |
| Loan principal payment | 2,140,000 |
| Current year amortization of cost of debt refunding | (8,000,263) |
| 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 the governmental funds: | |
| Accrued interest on loans payable - Change in liability | 40,492 |
| Change in net position of governmental activities | $ (24,320,825) |

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

**EBERT METROPOLITAN DISTRICT**
**GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2016**

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ 1,491,265 | $ 1,491,264 | $ 1,482,299 | $ (8,965) |
| Specific ownership taxes | 111,840 | 111,840 | 98,865 | (12,975) |
| Other income | 17,987 | 17,987 | 17,986 | (1) |
| Development fees | 1,668,000 | 368,000 | - | (368,000) |
| Net investment income | 800 | 800 | 5,254 | 4,454 |
| Total revenues | 3,289,892 | 1,989,891 | 1,604,404 | (385,487) |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Bank fees | 500 | 500 | - | 500 |
| County Treasurer's fees | 14,910 | 14,910 | 14,554 | 356 |
| Regional Facilities Construction Agreement | | | | |
| Service cost | 1,175,000 | 1,175,000 | 1,531,552 | (356,552) |
| Capital cost | 2,475,000 | 15,625,000 | 15,077,827 | 547,173 |
| Capital replacement | 154,949 | 154,949 | 155,996 | (1,047) |
| Loan issue costs | | 314,000 | 314,129 | (129) |
| Contingency | 4,641 | 305,641 | - | 305,641 |
| Total expenditures | 3,825,000 | 17,590,000 | 17,094,058 | 495,942 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (535,108) | (15,600,109) | (15,489,654) | 110,455 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Loan proceeds | - | 15,630,000 | 15,630,000 | - |
| Transfer to other funds | - | (745,000) | (1,065,985) | (320,985) |
| Total other financing sources (uses) | - | 14,885,000 | 14,564,015 | (320,985) |
| **EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)** | (535,108) | (715,109) | (925,639) | (210,530) |
| **FUND BALANCES - BEGINNING OF YEAR** | 857,062 | 857,062 | 1,036,270 | 179,208 |
| **FUND BALANCES - END OF YEAR** | $ 321,954 | $ 141,953 | $ 110,631 | $ (31,322) |

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

## NOTE 1 - DEFINITION OF REPORTING ENTITY

Ebert Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City and County of Denver, Colorado (City) on September 12, 1983, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City. The District's service area is located within the City.

The District was organized concurrently with Town Center Metropolitan District (Town). The District has the power to provide sanitation, storm drainage, streets, traffic and safety controls, water and park and recreation improvements and other related improvements for the benefit of taxpayers and service users within Town's and the District's boundaries.

The District is intended to serve as the "financing district" while Town is intended to serve as the "operating district". The operating district is responsible for providing the day-to-day construction operations and administrative management of both districts. The operating district is economically dependent upon intergovernmental revenue received from the financing district.

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, including the City or Town.

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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.

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. 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 Conservation Trust Fund (a Capital Projects Fund) is used to account for the lottery proceeds received from the state. This revenue is restricted for the maintenance or acquisition and construction of recreational facilities under State statutes.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 amended its annual budget for the year ended December 31, 2016.

### 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.

### 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.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Development Fees

The Board of Directors has established development fees to be collected at the time of a request for a building permit from the builder and is based upon an original fee schedule of $30,000 per acre for single family development, $36,000 per acre for multi-family development, $38,000 per acre for commercial development and $10,000 per acre for development of school and church properties. Fees are increased annually. As of March 1, 2015, the fees in effect were $37,500 per acre for single family development, $43,500 per acre for multi-family development, $45,500 per acre for commercial development, $16,000 per acre for school sites, and $16,000 per acre for churches.

On January 1, 2016, the District entered into an Amended and Restated Facilities Construction, Funding and Service Agreement with Town. The responsibility for setting, collecting and spending the development fees passed from the District to Town. Prior to this Amendment, the District's Board of Directors originally approved an annual $500 increase. In 2016 Town did not take any action to increase fees. As a result, the 2016 development fees remained the same as 2015 and were paid to Town after March 3, 2016.

### Amortization

### Cost on Debt Refunding

In the government-wide financial statements, the deferred cost on debt refunding is being amortized over the defeased life of the old debt. The amortization amount is a component of interest expense and the unamortized cost is reflected on the statement of net position as a deferred outflow of resources.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category – cost of debt refunding.

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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred property tax revenue is also reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

#### *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, 2016, are classified in the accompanying financial statements as follows:

| | | |
|---|---|---|
| Statement of net position: | | |
| Cash and investments | $ | 207,117 |
| Cash and investments - Restricted | | 4,470,120 |
| Total cash and investments | $ | 4,677,237 |

Cash and investments as of December 31, 2016, consist of the following:

| | | |
|---|---|---|
| Deposits with financial institutions | $ | 4,074,772 |
| Investments | | 602,465 |
| Total | $ | 4,677,237 |

### 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, 2016, the District had $4,074,772 of deposits with a financial institution, of which $250,000 is insured with the FDIC. The remaining amount is collateralized in single institution pools.

### 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.

**NOTE 3 - CASH AND INVESTMENTS** (CONTINUED)

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

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

**Fair Value Measurement and Application**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

As of December 31, 2016, the District had the following investments:

| **Investment** | **Maturity** | **Balance** |
|---|---|---|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted average under 60 days | $ 441,942 |
| Federated Treasury Money Market Fund | Weighted average under 51 days | 160,523 |
| | | $ 602,465 |

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE 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.

## NOTE 3 - CASH AND INVESTMENTS

### Federated Treasury Money Market Fund

Capital escrow and debt service funds that were included in the trust accounts at UMB Corporate Trust Services were 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 Obligations Fund is rated AAAm by Standard & Poor's.

## NOTE 4 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2016:

| | Balance at December 31, 2015 | Additions | Deletions | Balance at December 31, 2016 | Amount Due Within One Year |
|---|---|---|---|---|---|
| General obligation bonds payable | | | | | |
| Series 2007 | $ 86,530,000 | $ - | $ 86,530,000 | $ - | $ - |
| Discount on Series 2007 bond | (1,143,733) | - | (1,143,733) | - | - |
| General obligation loans payable | | | | | |
| Series 2016A | - | 55,855,000 | 1,045,000 | 54,810,000 | 825,000 |
| Series 2016B | - | 40,515,000 | 765,000 | 39,750,000 | 635,000 |
| Series 2016C | - | 15,630,000 | 330,000 | 15,300,000 | 250,000 |
| | $ 85,386,267 | $112,000,000 | $ 87,526,267 | $109,860,000 | $ 1,710,000 |

### General Obligation Debt

On March 4, 2016, the District issued an aggregate of $112,000,000 of General Obligation Refunding and Improvement Loans (the 2016 Loans) as follows: (1) $55,855,000 General Obligation Limited Tax Taxable (Convertible to Tax-Exempt) Refunding Loan Series 2016A; (2) $40,515,000 General Obligation Limited Tax Refunding Loan Series 2016B; and (3) $15,630,000 General Obligation Limited Tax Improvement Loan Series 2016C**.** The 2016 Loans bear interest payable on June 1 and December 1, commencing on June 1, 2016, at the following rates: 4.50% per annum on the 2016A Loan, converting to 3.15% upon conversion to tax-exempt status; 3.15% per annum on the 2016B Loan; and 3.15% on the 2016C Loan. Mandatory principal payments are due on December 1, commencing on December 1, 2016, with final payment due on December 1, 2021. The 2016 Loans cannot be prepaid prior to December 1, 2018. The 2016 Loans are subject to prepayment penalties on or after December 1, 2018, but prior to December 1, 2019. The prepayment penalty is calculated based upon certain factors detailed in the loan agreement. There is no prepayment penalty for payments made on or after December 1, 2019.

**NOTE 4 - LONG-TERM OBLIGATIONS** (CONTINUED)

The 2016 Loans are secured by and payable from pledged revenues consisting of the required mill levy, the portion of specific ownership taxes collected as a result of the imposition of the required mill levy, and any other legally available monies which the District determines to be pledged revenue. The required mill levy is an ad valorem mill levy imposed upon all taxable property in the District each year in an amount which, when combined with monies in the applicable loan funds (but not including reserve or surplus funds) that will generate tax revenues of not less that the estimated debt requirements for each of the loans for the next fiscal year. The required mill levy cannot be in excess of 65.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. For collection year 2016, the District levied 65.000 mills for debt service. For collection year 2018, the residential assessment ratio will change from 7.96% to 7.2%. At that time, the District's required mill levy will be adjusted to 71.861 mills.

Proceeds of the 2016 Loans and other District funds were used to: (i) advance refund and defease (debt legally satisfied) its General Obligation Limited Tax Refunding and Improvement Bonds, Series 2007 (Series 2007 Bonds); (ii) finance the cost of construction and installation of capital improvements by Town; (iii) fund the Reserve Funds; and (iv) pay the costs of issuing the 2016 Loans.

The 2016 Loans are also secured by the Reserve Funds and the Surplus Funds. Per the terms of the Loan Agreement and the Custodial Agreement, U.S. Bank National Association (U.S. Bank) is the Custodian and Administrative Agent and shall hold and administer the Pledged Revenue accounts.

The District is required to maintain Reserve Funds in the following maximum amounts: 2016A Loan - $2,034,350; 2016B Loan - $1,470,763; and 2016C Loan - $569, 275. At December 31, 2016, the balances in the Reserve Funds were $2,034,542, $1,470,901, and $569,329, respectively.

Prior to the date the Debt to Assessed Ratio is equal to 50% or less, Pledged Revenue that is not needed to pay debt service on the 2016 Loans in any year will be deposited to and held in the Surplus Funds, up to the maximum amounts of: 2016A Loan - $1,535,911; 2016B Loan - $1,114,089; and 2016C Loan - $375,000. At December 31, 2016, the balances in the Surplus Funds were $108,889, $53,220, and $4,648, respectively. When the Debt to Assessed Ratio becomes less than 50%, the Surplus Funds can be terminated and any moneys therein applied to any legal purpose of the District. As of December 31, 2016, the Debt to Assessed Ratio was 130.73%. The District is also required to impose a minimum mill levy of 65.000 mills until the Surplus Funds are fully funded.

The Series 2007 Bonds have an average interest rate of 5.6216%, and the 2016 Loans have an average interest rate of 3.1980%. The Series 2007 Bonds are not considered to be a liability of the District since sufficient funds in the amount of $94,381,303 were deposited with a trustee and invested in U.S. governmental securities for the purpose of paying the principal and interest of the Series 2007 Bonds until the call date, at which point the Series 2007 Bonds will be repaid in their entirety from the remaining funds in the escrow account. The Series 2007 Bonds will be redeemed on December 1, 2017.

**NOTE 4 - LONG-TERM OBLIGATIONS** (CONTINUED)

There was no present value savings on the debt refunding. The refunding was undertaken to reduce the annual debt service requirements and to reduce the interest rate being paid on the debt for the next five years. In the government-wide financial statements, the District incurred a cost on debt refunding in the amount of $15,893,013, which will be amortized over the remaining defeased life of the Series 2007 Bonds.

The District's long-term obligations on its outstanding debt at December 31, 2016, will mature as follows, based upon the 2016 loans being refunded on December 1, 2021 through a new maturity of December 1, 2045:

| | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ 1,710,000 | $ 4,071,828 | $ 5,781,828 |
| 2018 | 3,020,000 | 3,454,040 | 6,474,040 |
| 2019 | 3,075,000 | 3,357,589 | 6,432,589 |
| 2020 | 3,200,000 | 3,268,311 | 6,468,311 |
| 2021 | 3,340,000 | 3,157,182 | 6,497,182 |
| 2022-2026 | 8,030,000 | 25,465,825 | 33,495,825 |
| 2027-2031 | 12,290,000 | 22,814,550 | 35,104,550 |
| 2032-2036 | 18,070,000 | 18,835,300 | 36,905,300 |
| 2037-2041 | 25,555,000 | 13,086,975 | 38,641,975 |
| 2042-2045 | 31,570,000 | 4,794,350 | 36,364,350 |
| | $ 109,860,000 | $ 102,305,950 | $ 212,165,950 |

**Authorized Debt**

On November 3, 1998, the District's electors authorized the incurrence of general obligation indebtedness totaling $90,500,000 at an interest rate not to exceed 15% for a maximum term of 20 years. On November 7, 2000, the District's electors authorized an additional $90,500,000 of general obligation indebtedness at an interest rate not to exceed 15%, with no limit on the maximum term. At December 31, 2016, the District has authorized but unissued indebtedness for the following purposes:

| | Authorized November 3, 1998 Election | Authorized November 7, 2000 Election | Total Authorized |
|---|---|---|---|
| Street improvements | $ 35,000,000 | $ 35,000,000 | $ 70,000,000 |
| Traffic controls | 2,000,000 | 2,000,000 | 4,000,000 |
| Water system | 28,000,000 | 28,000,000 | 56,000,000 |
| Sanitary sewer | 13,000,000 | 13,000,000 | 26,000,000 |
| Park and recreation | 12,000,000 | 12,000,000 | 24,000,000 |
| Operations | 500,000 | 500,000 | 1,000,000 |
| | $ 90,500,000 | $ 90,500,000 | $ 181,000,000 |

## NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

| | Authorization Used | | | | | Remaining at |
|---|---|---|---|---|---|---|
| | Series 2001 Bonds | Series 2004 Bonds | Series 2005 Bonds | Series 2007 Bonds | Series 2016 Loans | December 31, 2016 |
| Street improvements | $ 13,580,300 | $ 2,091,656 | $ 13,161,592 | $ 14,360,744 | $ 10,137,413 | $ 16,668,295 |
| Traffic controls | - | - | - | - | - | 4,000,000 |
| Water system | 6,338,400 | (852,762) | 4,101,235 | 4,808,238 | (2,859,555) | 44,464,444 |
| Sanitary sewer | 9,142,725 | (5,611,303) | 455,763 | 2,689,580 | 780,297 | 18,542,938 |
| Park and recreation | 5,688,575 | 5,952,409 | 3,781,410 | 8,541,438 | 36,168 | - |
| Operations | - | - | - | - | - | 1,000,000 |
| | $ 34,750,000 | $ 1,580,000 | $ 21,500,000 | $ 30,400,000 | $ 8,094,323 | $ 84,675,677 |

## NOTE 5 - INTERGOVERNMENTAL AGREEMENTS

### Agreement with Weingarten/Miller/GVR, LLC

The District has entered into an Agreement dated as of July 10, 2002 (the Weingarten Agreement), with Weingarten/Miller/GVR, LLC (Weingarten). Pursuant to the Weingarten Agreement, the District agreed to limit its debt service mill levy for all District bonds to 65 mills, subject to certain adjustments for changes in law (the Mill Levy Cap). As of December 31, 2016, the adjusted mill levy cap for this agreement was 74.717. The Mill Levy Cap may be removed by the District at such time as the general obligation debt of the District is equal to or less than 50% of the assessed value of the taxable property in the District. The District further agreed to include terms incorporating the Mill Levy Cap into the documents governing its bond transactions and to provide notice to Weingarten of the District’s intent to issue bonds and the proposed terms thereof. The District received a waiver from Weingarten of the 60 days' notice requirement in regards to the issuance of the 2016 Loans as notice was provided to Weingarten on January 27, 2016.

### Inclusion Agreement

The District has entered into an Inclusion Agreement dated as of September 20, 2005 (the Inclusion Agreement), with Town Center and CP Bedrock LLC (CP Bedrock). Pursuant to the Inclusion Agreement, the parties set out the terms by which certain property owned by CP Bedrock has been and will be included into and excluded from the District. In addition, the District has agreed to limit its debt service mill levy to 65 mills, subject to certain adjustments for changes in law. As of December 31, 2016, the maximum mill levy under this agreement was 65.000. Finally, the District has agreed to provide CP Bedrock with notice at least 60 days prior to issuing debt obligations.

During 2008, the District entered into an amendment to the Inclusion Agreement that modified the language in the Inclusion Agreement to describe the authorized adjustments to the District’s 65 mill limit for changes in law and other provisions. The District also entered into an Escrow Agreement with United Missouri Bank (UMB) that modified the original escrow instructions delivered pursuant to the Inclusion Agreement. Pursuant to the Modified Escrow Agreement,

**NOTE 5 - INTERGOVERNMENTAL AGREEMENTS** (CONTINUED)

$4,657,010 of the proceeds of the 2007 Bonds were deposited into an escrow account to be released to the District as certain improvements are completed that benefit property owned by CP Bedrock that is subject to the Inclusion Agreement. At December 31, 2016, the balance in the escrow account was $160,523.

In connection with the District's issuance of the 2016 Loans, CP Bedrock confirmed that the 2016 Loans were in conformance with the amended Inclusion Agreement, including but not limited to the mill levy cap.

**Regional Facilities Construction Agreements**

The District entered into a Regional Facilities Construction Agreement (Old Agreement) with Town on December 1, 1999. Under the Old Agreement, Town is to provide capital construction and administrative services to the District.

Town is to own, operate, maintain, and construct the facilities benefiting both Districts. The District will, to the extent that the District is to benefit, pay the capital and service costs of construction, operation and maintenance of such facilities. At special elections held within the District on November 2, 1999, and on November 7, 2000, the District’s qualified electors approved $33,000,000 and $66,000,000, respectively, for a total amount of $99,000,000, for the Old Agreement.

On April 28, 2005, the District and Town entered into a District Facilities Construction, Funding and Service Agreement (New Agreement), which replaced the Old Agreement. Under the New Agreement, the obligations of the District and Town remain essentially the same. In addition, Town may draw against the District’s project funds without further need of the District’s consent, to pay the capital costs expected to be paid pursuant to the New Agreement. The District also agrees to levy a minimum service levy of not less than 10 mills and not greater than 50 mills to pay the service costs expected to be paid pursuant to the New Agreement.

The District and Town entered into an Amended and Restated Facilities, Construction, Funding and Service Agreement effective January 1, 2016 (Amended Agreement). Under the Amended Agreement, the District will pay a maximum of $21,635,477 to Town for service costs, which represents voted authorization of $99,000,000 less all service costs paid to Town through December 31, 2015. Service costs comprise all operations, maintenance, and administration costs incurred by Town in the performance of the duties and services required by the Amended Agreement. The District agrees to levy a minimum service levy of 19 mills that may be adjusted to account for constitutional or legislative changes in computing assessed valuation of District property, provided that the levy shall never exceed 50 mills. Payments for capital costs contemplated by the Amended Agreement are to be funded from the proceeds of the District’s 2016C Note. During 2016, the District paid $1,531,552 of service costs to Town, leaving a balance of $20,103,925 on the Amended Agreement.

## NOTE 5 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

### Agreement with Green Valley Ranch Metropolitan District

The District entered into an intergovernmental agreement with Green Valley Ranch Metropolitan District (GVRMD) for the sharing of landscape maintenance services for approximately 92,233 square feet of property within the boundaries of GVRMD. Effective January 1, 2012, the District shall provide landscape maintenance services to the property for an annual cost of $16,617 and increased annually by 2% through 2016. Payment is due from GVRMD by April 1 of each year. The term of the agreement shall be through December 31, 2016, and thereafter for consecutive five-year periods. The annual schedule of landscape costs shall be adjusted for each five-year period as needed to reflect then-current market conditions. During 2016, GVRMD paid $17,986 to the District.

## NOTE 6 - INTERFUND AND OPERATING TRANSFERS

The transfer of $1,065,985 from the General Fund to the Debt Service Fund was to increase the availability of funds to satisfy debt obligations.

## NOTE 7 - NET POSITION

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

The restricted component of net position consists of assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2016, the District had restricted net position as follows:

| | Governmental Activities |
|---|---|
| Restricted net position: | |
| Emergency reserve | $ 25,000 |
| Conservation Trust Fund | 10,144 |
| Total restricted net position | $ 35,144 |

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

The District has a deficit in unrestricted net position. In the current and previous years, the District transferred debt proceeds to Town for the construction of facilities benefiting both Districts pursuant to the Regional Facilities Construction Agreements. The long-term debt which funded the construction of these facilities remains an obligation of the District.

## NOTE 8 - RELATED PARTIES

The developer of the property which constitutes the District is Oakwood Homes LLC, a Colorado limited liability company (Oakwood Homes). One of the members of the Board of Directors is a consultant for Town. One of the members of the Board of Directors serves as legal counsel for Oakwood Homes. As such, these board members may have conflicts of interest in dealing with the District.

## NOTE 9 - RISK MANAGEMENT

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

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

The District pays annual premiums to the Pool for liability, property, 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 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 3, 1998, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District 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 but not limited to the interpretation of how to calculate Fiscal Year Spending and other limits, will require judicial interpretation.

## NOTE 11 - SUBDISTRICTS

During 2003, the Board of Directors of the District by resolution allowed for the division of the District into one or more subareas. Ebert Metropolitan District Subdistrict No. 1 was established on September 10, 2003, and Ebert Metropolitan District Subdistrict No. 2 was established on December 10, 2003. Different rates of levy for property tax purposes may be fixed against all the taxable property within the Subdistricts for operations and/or repayment of indebtedness issued by the Subdistricts to finance services, programs, and facilities furnished or to be furnished within the Subdistricts.

At an election held on November 4, 2003, the electors of Subdistrict No. 1 approved authorization to increase property taxes up to $400,000 annually, as necessary, to pay for the costs of constructing, operating, and maintaining the improvements within and/or benefiting the Subdistrict. Debt authorization was also approved in the amount of $2,000,000 for street improvements, $16,000,000 for executing intergovernmental agreements, and $20,000,000 for debt refunding. The electors of Subdistrict No. 2 at an election held on May 4, 2004, authorized $2,000,000 of indebtedness for street improvements, $16,000,000 for executing intergovernmental agreements, $20,000,000 for debt refunding, and an increase in property taxes of up to $400,000 annually for capital, operations, maintenance, and other expenses.

As of December 31, 2016, there has been no financial activity in either of the Subdistricts.

## SUPPLEMENTARY INFORMATION

**EBERT METROPOLITAN DISTRICT**
**DEBT SERVICE FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2016**

| | Budget Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **REVENUES** | | | | |
| Property taxes | $ 5,227,786 | $ 5,227,786 | $ 5,197,114 | $ (30,672) |
| Specific ownership taxes | 392,080 | 345,800 | 346,580 | 780 |
| Net investment income | 4,600 | 7,100 | 12,880 | 5,780 |
| Total revenues | 5,624,466 | 5,580,686 | 5,556,574 | (24,112) |
| **EXPENDITURES** | | | | |
| County Treasurer's fees | 52,280 | 52,280 | 52,281 | (1) |
| Loan interest | 4,557,730 | 3,235,321 | 3,235,321 | - |
| Loan principal | 1,225,000 | 2,140,000 | 2,140,000 | - |
| Paying agent fees | 3,000 | 3,000 | 3,000 | - |
| Loan issue costs | - | 1,960,466 | 1,929,648 | 30,818 |
| Contingency | 1,990 | 2,630 | - | 2,630 |
| Total expenditures | 5,840,000 | 7,393,697 | 7,360,250 | 33,447 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (215,534) | (1,813,011) | (1,803,676) | 9,335 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Loan issuance | - | 96,370,000 | 96,370,000 | - |
| Payment to refunding escrow | - | (94,381,303) | (94,381,303) | - |
| Transfer from (to) other funds | - | 1,055,985 | 1,065,985 | 10,000 |
| Total other financing sources (uses) | - | 3,044,682 | 3,054,682 | 10,000 |
| **EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)** | (215,534) | 1,231,671 | 1,251,006 | 19,335 |
| **FUND BALANCES - BEGINNING OF YEAR** | 3,234,138 | 3,051,267 | 3,051,267 | - |
| **FUND BALANCES - END OF YEAR** | $ 3,018,604 | $ 4,282,938 | $ 4,302,273 | $ 19,335 |

**EBERT METROPOLITAN DISTRICT**
**CONSERVATION TRUST FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**
**FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2016**

| | Budget Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **REVENUES** | | | | |
| Conservation trust fund | $ 43,000 | $ 48,000 | $ 47,960 | $ (40) |
| Net investment income | 20 | 360 | 374 | 14 |
| Total revenues | 43,020 | 48,360 | 48,334 | (26) |
| **EXPENDITURES** | | | | |
| Transfer to Town Center | 85,453 | 88,820 | 78,650 | 10,170 |
| Total expenditures | 85,453 | 88,820 | 78,650 | 10,170 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (42,433) | (40,460) | (30,316) | 10,144 |
| **FUND BALANCES - BEGINNING OF YEAR** | 42,433 | 40,460 | 40,460 | - |
| **FUND BALANCES - END OF YEAR** | $ - | $ - | $ 10,144 | $ 10,144 |

**EBERT METROPOLITAN DISTRICT**
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY**
**AND PROPERTY TAXES COLLECTED**
**December 31, 2016**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied General Service | Mills Levied Debt Service | Total Property Taxes Levied | | Total Property Taxes Collected | Percentage Collected to Levied |
|---|---|---|---|---|---|---|---|
| 2012 | $ 56,128,260 | 17.000 | 58.000 | $ 4,209,620 | | $ 4,177,281 | 99.23% |
| | $ 1,345,840 | 0.000 | 58.000 | $ 78,059 | (A) | $ 78,059 | 100.00% |
| 2013 | $ 58,507,950 | 17.000 | 58.000 | $ 4,388,096 | | $ 4,390,245 | 100.05% |
| | $ 1,348,700 | 0.000 | 58.000 | $ 78,225 | (A) | $ 78,223 | 100.00% |
| 2014 | $ 55,782,880 | 17.000 | 58.000 | $ 4,183,716 | | $ 4,167,804 | 99.62% |
| | $ 1,580,600 | 0.000 | 58.000 | 91,675 | (A) | $ 91,675 | 100.00% |
| 2015 | $ 58,361,060 | 17.000 | 58.000 | $ 4,377,080 | | $ 4,375,438 | 99.96% |
| | $ 1,906,680 | 0.000 | 58.000 | 110,587 | (A) | 110,587 | 100.00% |
| 2016 | $ 78,487,610 | 19.000 | 65.000 | $ 6,592,960 | | 6,553,322 | 99.40% |
| | $ 1,939,830 | 0.000 | 65.000 | 126,089 | (A) | 126,091 | 100.00% |
| Estimated for year ending December 31, | | | | | | | |
| 2017 | $ 81,863,920 | 19.000 | 65.000 | $ 6,876,569 | | | |
| | $ 2,169,420 | 0.000 | 65.000 | 141,012 | (A) | | |
| | | | | $ 7,017,581 | | | |

**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.

(A) Represents property that has been excluded from the District, but is still subject to the District's debt service mill levy.

**EBERT METROPOLITAN DISTRICT**
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**
**December 31, 2016**

| | \$55,855,000 Taxable Loan - Refunding Issue Series 2016A Dated March 4, 2016 Initial interest rate of 4.50% Assume converting to 3.15% from 9/1/2017 through 12/1/2021 Assumed interest rate of 5.5% from 12/1/2021 through 12/1/2045 Interest payable June 1 and December 1 Principal Due December 1 | | \$40,515,000 Tax-Free Loan Refunding Issue Series 2016B Dated March 4, 2016 Initial interest rate of 3.15% Assumed interest rate of 5.5% from 12/1/2021 through 12/1/2045 Interest payable June 1 and December 1 Principal Due December 1 | |
|---|---|---|---|---|
| | **Principal** | **Interest** | **Principal** | **Interest** |
| 2017 | $ 825,000 | $ 2,313,668 | $ 635,000 | $ 1,269,516 |
| 2018 | 1,525,000 | 1,724,146 | 1,120,000 | 1,249,235 |
| 2019 | 1,525,000 | 1,675,441 | 1,125,000 | 1,213,465 |
| 2020 | 1,575,000 | 1,631,193 | 1,150,000 | 1,180,762 |
| 2021 | 1,655,000 | 1,576,435 | 1,215,000 | 1,140,808 |
| 2022 | 670,000 | 2,623,775 | 485,000 | 1,897,775 |
| 2023 | 710,000 | 2,586,925 | 510,000 | 1,871,100 |
| 2024 | 810,000 | 2,547,875 | 585,000 | 1,843,050 |
| 2025 | 855,000 | 2,503,325 | 620,000 | 1,810,875 |
| 2026 | 970,000 | 2,456,300 | 700,000 | 1,776,775 |
| 2027 | 1,025,000 | 2,402,950 | 740,000 | 1,738,275 |
| 2028 | 1,145,000 | 2,346,575 | 830,000 | 1,697,575 |
| 2029 | 1,210,000 | 2,283,600 | 875,000 | 1,651,925 |
| 2030 | 1,345,000 | 2,217,050 | 970,000 | 1,603,800 |
| 2031 | 1,415,000 | 2,143,075 | 1,025,000 | 1,550,450 |
| 2032 | 1,565,000 | 2,065,250 | 1,130,000 | 1,494,075 |
| 2033 | 1,650,000 | 1,979,175 | 1,195,000 | 1,431,925 |
| 2034 | 1,810,000 | 1,888,425 | 1,310,000 | 1,366,200 |
| 2035 | 1,910,000 | 1,788,875 | 1,385,000 | 1,294,150 |
| 2036 | 2,090,000 | 1,683,825 | 1,510,000 | 1,217,975 |
| 2037 | 2,205,000 | 1,568,875 | 1,595,000 | 1,134,925 |
| 2038 | 2,395,000 | 1,447,600 | 1,735,000 | 1,047,200 |
| 2039 | 2,530,000 | 1,315,875 | 1,830,000 | 951,775 |
| 2040 | 2,740,000 | 1,176,725 | 1,985,000 | 851,125 |
| 2041 | 2,890,000 | 1,026,025 | 2,090,000 | 741,950 |
| 2042 | 3,125,000 | 867,075 | 2,260,000 | 627,000 |
| 2043 | 3,300,000 | 695,200 | 2,385,000 | 502,700 |
| 2044 | 3,555,000 | 513,700 | 2,570,000 | 371,525 |
| 2045 | 5,785,000 | 318,175 | 4,185,000 | 230,175 |
| | $ 54,810,000 | $ 51,367,133 | $ 39,750,000 | $ 36,758,086 |

**EBERT METROPOLITAN DISTRICT**
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**
**December 31, 2016**
**(Continued)**

**$15,630,000**
**General Obligation Tax-Free Loan**
**Series 2016C**
**Dated March 4, 2016**
**Initial interest rate of 3.15%**
**Assumed interest rate of 5.5%**
**from 12/1/2021 through 12/1/2045**
**Interest payable June 1 and December 1**
**Principal Due December 1**

| | Principal | Interest | Total All Bonds |
|---|---|---|---|
| 2017 | $ 250,000 | $ 488,644 | $ 5,781,828 |
| 2018 | 375,000 | 480,659 | 6,474,040 |
| 2019 | 425,000 | 468,683 | 6,432,589 |
| 2020 | 475,000 | 456,356 | 6,468,311 |
| 2021 | 470,000 | 439,939 | 6,497,182 |
| 2022 | 185,000 | 731,775 | 6,593,325 |
| 2023 | 195,000 | 721,600 | 6,594,625 |
| 2024 | 225,000 | 710,875 | 6,721,800 |
| 2025 | 240,000 | 698,500 | 6,727,700 |
| 2026 | 270,000 | 685,300 | 6,858,375 |
| 2027 | 285,000 | 670,450 | 6,861,675 |
| 2028 | 320,000 | 654,775 | 6,993,925 |
| 2029 | 335,000 | 637,175 | 6,992,700 |
| 2030 | 375,000 | 618,750 | 7,129,600 |
| 2031 | 395,000 | 598,125 | 7,126,650 |
| 2032 | 435,000 | 576,400 | 7,265,725 |
| 2033 | 460,000 | 552,475 | 7,268,575 |
| 2034 | 505,000 | 527,175 | 7,406,800 |
| 2035 | 535,000 | 499,400 | 7,412,425 |
| 2036 | 580,000 | 469,975 | 7,551,775 |
| 2037 | 615,000 | 438,075 | 7,556,875 |
| 2038 | 670,000 | 404,250 | 7,699,050 |
| 2039 | 705,000 | 367,400 | 7,700,050 |
| 2040 | 765,000 | 328,625 | 7,846,475 |
| 2041 | 805,000 | 286,550 | 7,839,525 |
| 2042 | 875,000 | 242,275 | 7,996,350 |
| 2043 | 920,000 | 194,150 | 7,997,050 |
| 2044 | 995,000 | 143,550 | 8,148,775 |
| 2045 | 1,615,000 | 88,825 | 12,222,175 |
| | $ 15,300,000 | $ 14,180,731 | $ 212,165,950 |

**CONTINUING DISCLOSURE**

**ANNUAL FINANCIAL INFORMATION**

**(UNAUDITED)**

**EBERT METROPOLITAN DISTRICT**
**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION**
**(UNAUDITED)**
**December 31, 2016**

**Ten Largest Owners of Taxable Property of the District (1)**

| Taxpayer Name | 2016 Assessed Valuation | Percentage of Total Assessed Valuation |
|---|---|---|
| HC Land Investments LLC (2) | $ 4,583,860 | 5.60% |
| GDC Green Valley LLC | 1,968,660 | 2.40% |
| NV GVR MOB LLC | 1,561,270 | 1.91% |
| Dillon Companies Inc. | 1,265,090 | 1.55% |
| American Homes 4 Rent | 1,163,060 | 1.42% |
| Tower Road Farms LLC | 590,210 | 0.72% |
| Qwest | 570,000 | 0.70% |
| King Soopers Inc. | 323,450 | 0.40% |
| Beer Garden GVR LLC | 284,440 | 0.35% |
| Alvarado Development LLC | 268,250 | 0.33% |
| All Others | 69,285,630 | 84.62% |
| | $ 81,863,920 | 100.00% |

(1) Based upon information furnished by the City and County of Denver.
(2) The Developer and entities related to the Developer.

**2016 Assessed Valuation of Classes of Property of the District**

| Class | 2016 Assessed Valuation | Percentage of Total Assessed Valuation |
|---|---|---|
| Residential | $ 72,070,500 | 88.03% |
| Vacant land | 4,222,440 | 5.16% |
| Commercial | 3,572,870 | 4.36% |
| Personal property | 1,404,210 | 1.72% |
| State assessed | 593,900 | 0.73% |
| | $ 81,863,920 | 100.00% |

## Selected Debt Ratios of the District

| | |
|---|---|
| Direct Debt | $ 109,860,000 |
| | |
| 2016 District Assessed Valuation (1) | $ 81,863,920 |
| 2016 District Assessed Valuation - Excluded Area (1) | 2,169,420 |
| | $ 84,033,340 |
| | |
| Direct Debt to 2016 Assessed Valuation | 130.73% |
| | |
| 2016 District Estimated Statutory "Actual" Value (1) | $ 906,832,636 |
| 2016 District Estimated Statutory "Actual" Value - Excluded Area (1) | 7,480,759 |
| | $ 914,313,395 |
| | |
| Direct Debt to 2016 Estimated Statutory "Actual" Value | 12.02% |

(1) Based upon information furnished by the City and County of Denver.