

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1\***  
**\*(formerly Bridgewater and DayBreak)**

**2018 ANNUAL REPORT**

**TO**

**TOWN OF ERIE, COLORADO**

Pursuant Section VII. of the District's Service Plan, the District is required to provide an annual report no later than August 1 of each year to the Town of Erie with regard to the following matters:

(a) A narrative summary of the progress of the District in implementing the Service Plan;

*The District has constructed a majority of the needed public infrastructure. Public infrastructure construction occurred in 2018, and more is expected in 2019.*

(b) Except when an exemption from audit has been granted for the fiscal year under the Local Government Audit Law, the audited financial statements of the District for the fiscal year including a statement of financial condition (i.e. balance sheet) as of December 31 of the fiscal year and the statement of operations (i.e. revenues and expenditures) for the fiscal year;

*The 2018 audit is enclosed with this annual report.*

(c) Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the fiscal year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the fiscal year;

*The amount of capital expenditures that occurred in 2018 is noted in the attached budget and audit. In the next five (5) years, the remaining public improvement construction and housing development is expected to be completed.*

(d) Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the fiscal year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the fiscal year, the amount of payment or retirement of existing indebtedness of the District in the fiscal year, the total assessed valuation of all taxable properties within the District as of January 1 of the fiscal year, and the current mill levy of the District pledged to debt retirement in the fiscal year;

*The District's outstanding indebtedness is as follows:*

*Series 2013 Bond Anticipate Note, \$16,618,100*

*Developer Advances, \$1,992,524*

*Series 2016 Loan Agreement/Notes, \$15,474,259*

*The District has ongoing annual governmental administrative expenses.*

*2018 Net Assessed Value District No. 1 (less TIF) \$1,875,961 with 47.333 debt service mills imposed in 2018, for collection in 2019.*

(e) The District's budget for the calendar year in which the annual report is submitted;

*The 2018 budget is attached.*

(f) A summary of residential and commercial development which has occurred within the District for the fiscal year;

*As finished lots come on line, builders will purchase such lots and commence with housing construction.*

(g) A summary of all taxes, fees, charges and assessments imposed by the Districts as of January 1 of the fiscal year;

*The District imposed a total of 55.275 mills in 2018 for collection in 2019 as reflected on the attached budget. No fees, charges or assessments were imposed in 2018.*

(h) The name, business address and telephone number of each member of the Board and the chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Boards for report year.

<i>Jon R. Lee</i>	<i>President</i>	<i>2500 Arapahoe Ave., #220, Boulder, CO 80302</i>
<i>Jessica Brothers</i>	<i>Vice President/Assist. Sec</i>	<i>2500 Arapahoe Ave., #220, Boulder, CO 80302</i>
<i>Steve Rane</i>	<i>Sect/Treas.</i>	<i>2500 Arapahoe Ave., #220, Boulder, CO 80302</i>
<i>Vacancy</i>		
<i>Vacancy</i>		<i>(303) 442-2299</i>

*Regular meetings are scheduled for the 4<sup>th</sup> Thursday of April and October at 9:30 a.m., at 2500 Arapahoe Ave., #220, Boulder, CO 80302*

*Chief Admin. Officer – None.*

*General Legal Counsel – White, Bear Ankele Tanaka & Waldron, Attn: Sean Allen, Esq., 2154 E. Commons Avenue, Suite 2000, Centennial, CO 80122; 303-858-1800*

## **EXHIBITS**

### **2018 Budget and 2018 Audit**

**RESOLUTION**  
**ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**  
**(2018)**

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The Board of Directors of Colliers Hill Metropolitan District No. 1 (the “Board”), Town of Erie, County of Weld, Colorado (the “District”) held a regular meeting at 2500 Arapahoe Avenue, Suite 200, Boulder, Colorado, on Thursday, October 26, 2017, at the hour of 9:30 A.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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## NOTICE AS TO PROPOSED 2018 BUDGET

**NOTICE OF PUBLIC HEARING ON THE PROPOSED 2018 BUDGETS  
AND**

**NOTICE OF PUBLIC HEARING ON THE AMENDED 2017 BUDGETS**

NOTICE IS HEREBY GIVEN that a proposed 2018 budget has been submitted to the Board of Directors (the "Board") of the COLLIER HILL METROPOLITAN DISTRICT NO. 1 (the "District"). A copy of the proposed budget is on file in the office of Community Development Group, 2500 Arapahoe Avenue, Suite 220, Boulder, Colorado, where the same is open for public inspection.

NOTICE IS FURTHER GIVEN that an amendment to the 2017 budget has been submitted to the District. A copy of the proposed amended budget is on file in the office of Community Development Group, where the same is open for public inspection.

Such proposed budget and amended budget will be considered at a public hearing during a meeting of the District to be held at 2500 Arapahoe Avenue, Suite 220, Boulder, Colorado, on Thursday, October 26, 2017, at 9:30 A.M. Any interested elector of the District may file any objections to the proposed budget or amended budget at any time prior to final adoption of the budget and amended budget by the governing body of the District.

BY ORDER OF THE BOARD OF DIRECTORS:

COLLIER HILL METROPOLITAN DISTRICT NO. 1  
/s/ WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

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**Prairie Mountain Media, LLC**

**PUBLISHER'S AFFIDAVIT**

**County of Boulder  
State of Colorado**

The undersigned, Terry Love, being first duly sworn under oath, states and affirms as follows:

1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Colorado Hometown*.
2. The *Colorado Hometown* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in the *Colorado Hometown* in Boulder County on the following date(s):

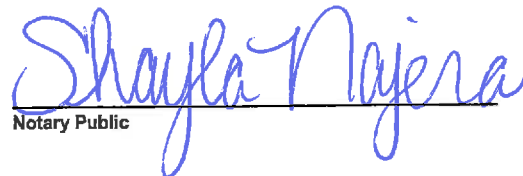
Oct 18, 2017



Signature

Subscribed and sworn to me before me this

18th day of October, 2017



Notary Public

(SEAL)

**SHAYLA NAJERA  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20174031965  
MY COMMISSION EXPIRES JULY 31, 2021**

Account: 1051175  
Ad Number: 1375762  
Fee: \$56.44

Thereupon, Director Lee introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2018 AND ENDING ON THE LAST DAY OF DECEMBER 2018.

WHEREAS, the Board has authorized its treasurer, accountant and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on October 26, 2017, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-101, *et seq.*, C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1.     Summary of 2018 Revenues and 2018 Expenditures.     The estimated revenues and expenditures for each fund for fiscal year 2018, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2.     Adoption of Budget.     The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2018. In the event of recertification of values by the County Assessor's Office after the date of

adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2018 budget year, there is hereby levied a tax of five (5.814) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2018 budget year, there is hereby levied a tax of forty-nine (49.461) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Weld County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.



Section 8. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

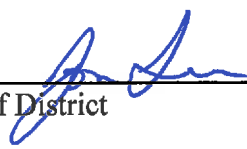
Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Brothers.

*[Remainder of page intentionally left blank.]*

ADOPTED THIS 26<sup>th</sup> DAY OF OCTOBER, 2017.

COLLIERS HILL METROPOLITAN DISTRICT NO. 1

  
\_\_\_\_\_  
Officer of District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

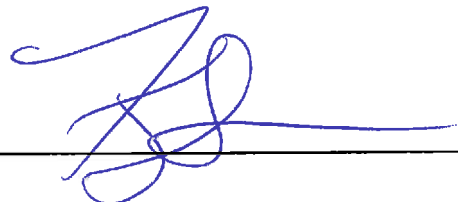
WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

STATE OF COLORADO  
COUNTY OF BOULDER  
COLLIERS HILL METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on Thursday, October 26, 2017, at 2550 Arapahoe Avenue, Suite 220, Boulder, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 26<sup>th</sup> day of October, 2017.

  
\_\_\_\_\_

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**

# **COLLIERS HILL METROPOLITAN DISTRICT NO. 1**

## **2018 BUDGET**

### **SUMMARY OF SIGNIFICANT ASSUMPTIONS**

#### **Services Provided**

In accordance with its Service Plan, Colliers Hill Metropolitan District No. 1, formerly known as Bridgewater Metropolitan District and Daybreak Metropolitan District, (the "District"), was formed to provide the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of public improvements within the property known as "Colliers Hill," which is located in Erie, Colorado. Such public improvements include, but are not limited to, streets, traffic and safety controls, water, storm and sanitary sewer, utilities and parks and recreation improvements.

The Service Plan, as amended in 2017, permits the District to impose a maximum mill levy on the taxable property within its boundaries as a primary source of revenue for the construction and maintenance of public improvements, repayment of debt and operational costs. The Service Plan also provides a total debt issuance limitation in an aggregate principal amount not to exceed \$45,000,000.

In 2011, the District authorized the issuance of the Limited Tax Revenue Bond, Series 2011 ("Bond") in an aggregate principal amount not to exceed \$950,000 to Tallgrass Investors, LLC, to fund certain improvements and incremental directional drilling costs within the District. The debt service on the Bond was to be paid from the ad valorem property tax revenue generated by any and all oil and gas production and operations. In 2017, the oil and gas operator plugged and abandoned the wells within the District's boundaries. Since no future revenue is expected from oil and gas production and operations, the outstanding principal balance of \$607,642 and the accrued interest balance of \$34,906 on the Bond, were written off as a bad debt.

In 2013, the District authorized the issuance and sale of Bond Anticipation Notes, Series 2013 ("2013 BAN") in an aggregate principal amount of \$16,618,100 to Community Development Group of Erie, Inc. (the "Developer") in consideration for the public improvements previously funded by Developer on behalf of the District. The 2013 BAN is payable solely from the proceeds of future general obligation or revenue bonds to be issued by the District or from any other legally available revenues of the District.

In 2016, the District entered into a Loan Agreement with ZB, N.A. d/b/a Vectra Bank Colorado, to obtain a not to exceed \$10,000,000 2016A Limited Tax General Obligation Loan ("2016A Loan"). In 2017, the District entered into a second Loan Agreement with ZB, N.A. d/b/a Vectra Bank Colorado, to obtain a not to exceed \$5,600,000 2016B Limited Tax General Obligation Loan ("2016B Loan"). Both the 2016A Loan and the 2016B Loan were obtained for the purpose of refunding certain amounts due under prior debt issuances by the District. The Loans are payable solely from ad valorem property tax revenues and specific ownership tax revenues collected by the District.

The District prepares its budget on the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

#### **Revenue**

##### **2016B Loan Proceeds**

The District anticipates receiving the remaining available loan balance of approximately \$1,782,893 under the 2016B Loan in 2018.

##### **Ad Valorem Property Taxes**

Another source of revenue for the District is property taxes. Property taxes are assessed and collected based upon the assessed value of all of the non-exempt property located within the District. The District

adopts mill levies for debt service and for operations which, when combined with the District's other sources of revenue, provide sufficient resources to pay the required debt service (if any), capital purchases and the estimated costs of operations for the calendar year.

Commencing on January 1, 2018, the residential assessment ratio was reduced from 7.96% to 7.20%. Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy limit increased by the same ratio, to a maximum of 55.275 mills. The District adopted a mill levy of 49.461 mills for debt service 5.814 mills for operating expenses in 2018.

The gross total taxable assessed valuation within the District in 2017 was \$13,343,410, an increase of \$5,118,780 from the 2016 valuation.

### **Specific Ownership Tax**

Specific ownership tax revenue is collected on annual motor vehicle registrations within Weld County and is distributed based upon the proportion of property taxes levied within the County during the preceding calendar year. The specific ownership tax revenue is estimated to be 5% of the ad valorem property taxes collected in 2018.

## **Expenditures**

### **Administrative**

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

### **Capital Outlay**

The District anticipates expenditures of \$3,190,971 for capital improvements in 2018.

### **Debt Service**

The District will fund its 2018 debt service obligations under the 2016A Loan, which includes the payment of \$125,741 in principal, \$392,578 in interest and \$3,000 in fees.

The District will also fund its 2018 debt service obligations under the 2016B Loan, which includes the payment of \$154,239 in principal, \$4,519 in interest and \$3,000 in fees.

The District also plans to fund approximately \$287,307 in interest payments on outstanding Developer advances in 2018.

## **Reserve Funds**

The District has provided for an emergency reserve equal to \$79,715, which is intended for use on any unanticipated expenditures in 2018. Such emergency reserve is an integral part of the Ending Fund Balance.

## **Leases**

The District has no operating or capital leases.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1  
GOVERNMENTAL FUND**

	2016	2017		2018 BUDGET		
	Actual Final	Original Budget	Projected Final	General Fund Budget	Debt Service Budget	Total Budget
<b>REVENUES</b>						
Property tax income	\$ 83,249	\$ 19,245	\$ 22,954	\$ 7,880	\$ 67,038	\$ 74,919
Specific ownership taxes	13,661	19,945	31,935	3,879	32,999	36,878
TIF income	160,033	391,987	388,222	69,698	592,940	662,638
Net investment income	481	-	2,344	-	-	-
Intergovernmental income - Town of Erie	598,660	-	2,017,334	-	-	-
Reimbursement income	262,548	-	25,711	690,051	-	690,051
Miscellaneous income	934	-	642,548	-	-	-
<b>Total revenues</b>	<b>\$ 1,119,567</b>	<b>\$ 431,176</b>	<b>\$ 3,131,049</b>	<b>\$ 771,509</b>	<b>\$ 692,977</b>	<b>\$ 1,464,486</b>
<b>EXPENDITURES</b>						
Current:						
Accounting	70,444	65,000	51,080	65,000	-	65,000
Audit	10,600	10,750	10,925	11,250	-	11,250
Director fees	100	200	30	230	-	230
Insurance	5,161	6,000	4,121	4,900	-	4,900
Legal	27,259	25,000	18,577	25,000	-	25,000
Letter of credit	101,014	103,278	64,048	51,124	-	51,124
Loan origination fees / bond counsel	205,827	40,000	64,595	17,829	-	17,829
Other	1,715	10,000	5,000	10,000	-	10,000
Treasurer fees	3,655	6,168	6,173	1,164	9,900	11,063
<b>Subtotal current expenses</b>	<b>425,775</b>	<b>266,396</b>	<b>224,550</b>	<b>186,497</b>	<b>9,900</b>	<b>196,397</b>
Debt Service						
Limited Tax Revenue Bond, Series 2011						
Principal	-	-	-	-	-	-
Interest	24,306	24,306	-	-	-	-
Bond Anticipation Note, Series 2013						
Interest	3,120,244	1,883,386	1,612,648	-	-	-
2016A Limited Tax General Obligation Loan						
Mandatory principal prepayment	-	-	-	-	-	-
Principal	-	-	-	-	125,741	125,741
Interest	203,497	323,260	446,478	-	392,578	392,578
Non-use fees	15,067	3,000	10,743	-	-	-
Custodial fees	-	18,043	4,500	-	3,000	3,000
2016B Limited Tax General Obligation Loan						
Mandatory principal prepayment	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	154,239	154,239
Non-use fees	-	-	-	-	4,519	4,519
Custodial fees	-	-	-	-	3,000	3,000
Capital advances						
Principal	3,941,751	1,291,894	4,321,284	-	-	-
Interest	817,409	784,720	495,940	287,307	-	287,307
<b>Subtotal debt service</b>	<b>8,122,274</b>	<b>4,328,609</b>	<b>6,891,594</b>	<b>287,307</b>	<b>683,077</b>	<b>970,384</b>
Capital outlay	8,054,979	3,256,832	2,720,922	3,190,971	-	3,190,971
<b>Total expenditures</b>	<b>\$ 16,603,028</b>	<b>\$ 7,851,838</b>	<b>\$ 9,837,066</b>	<b>\$ 3,664,775</b>	<b>\$ 692,977</b>	<b>\$ 4,357,752</b>
<b>(DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ (15,483,461)</b>	<b>\$ (7,420,662)</b>	<b>\$ (6,706,018)</b>	<b>\$ (2,893,267)</b>	<b>\$ 0</b>	<b>\$ (2,893,266)</b>
<b>OTHER FINANCING SOURCES</b>						
Proceeds from Developer advances	275,000	742,000	375,000	-	-	-
Proceeds from Vectra 2016B Loan	8,382,731	4,000,000	5,434,376	1,782,893	-	1,782,893
Change in working capital (AR & AP)	737,458	-	(1,663,768)	-	-	-
<b>Total other financing sources</b>	<b>\$ 9,395,189</b>	<b>\$ 4,742,000</b>	<b>\$ 4,145,608</b>	<b>\$ 1,782,893</b>	<b>\$ -</b>	<b>\$ 1,782,893</b>

NET CHANGE IN FUND BALANCE	(6,088,272)	(2,678,662)	(2,560,409)	(1,110,374)	0	(1,110,373)
FUND BALANCE - BEGINNING OF YEAR	9,838,769	2,708,193	3,750,497	1,190,088	-	1,190,088
FUND BALANCE - END OF CURRENT PERIOD	<u>\$ 3,750,497</u>	<u>\$ 29,532</u>	<u>\$ 1,190,088</u>	<u>\$ 79,715</u>	<u>\$ 0</u>	<u>\$ 79,715</u>
	-	-	-	-	-	-

COLLIERS HILL MD NO. 1 2018 REVENUE PROJECTION	2017 AV, Collected in 2018		
	Certified Assessed Value	Total Mill Levy	Ad Valorem Revenue
Vacant Land	831,950	55.275	45,986.04
Residential	11,639,900	55.275	643,395.47
Commercial	197,940	55.275	10,941.13
Agricultural	5,230	55.275	289.09
Oil & Gas	557,530	55.275	30,817.47
State Assessed	110,860	55.275	6,127.79
	<u>\$ 13,343,410</u>	<u>55.275</u>	<u>\$ 737,556.99</u>
TIF District Increment	\$ 11,988,031	55.275	\$ 662,638.41
Net Assessed Valuation	\$ 1,355,379	55.275	\$ 74,918.57

2018 MILL LEVY APPROPRIATION					
	Levy Appropriation	TIF Revenue	Ad Valorem Revenue	S.O. Revenue	Treasurer's Fees
		\$ 662,638.41	\$ 74,918.57	5.00%	1.50%
General Fund	5.814	\$ 69,698.41	\$ 7,880.17	\$ 3,878.93	\$ 1,163.68
Debt Service	49.461	\$ 592,940.00	\$ 67,038.40	\$ 32,998.92	\$ 9,899.68
	<u>55.275</u>	<u>\$ 662,638.41</u>	<u>\$ 74,918.57</u>	<u>\$ 36,877.85</u>	<u>\$ 11,063.36</u>

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**



**COLLIERS HILL METROPOLITAN DISTRICT NO. 1  
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CliftonLarsonAllen LLP  
CLAAconnect.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Colliers Hill Metropolitan District No. 1  
Erie, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Colliers Hill Metropolitan District No. 1, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Colliers Hill Metropolitan District No. 1 as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Matured Debt*

As discussed in Note 6, the District holds a Bond Anticipation Note (BAN), which matured at December 11, 2018. At the date of this report, the District has the ability to consummate the outstanding BAN in accordance with the GASB No. 62, Paragraph 39. Based on this ability, the District has excluded this BAN from current liabilities as of December 31, 2018. The agreement states that the outstanding BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The District did not pay off principal or issue a new instrument in 2018. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management omitted the management's discussion and analysis that accounting principals 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.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
April 25, 2019

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 305,721
Restricted Cash	560,817
Property Tax Receivable	103,694
Prepaid Items	4,681
Due from County Treasurer	4,332
Construction in Progress	<u>2,057,587</u>
Total Assets	3,045,144
<b>LIABILITIES</b>	
Accounts Payable	58,954
Retention Payable	7,230
Accrued Interest and Non-Use Fees	1,366,186
Due Within the Year	
2016A Notes	241,799
Due in More than One Year:	
2013 BAN	16,618,100
Developer Advances	1,992,524
2016A Notes	<u>15,232,460</u>
Total Liabilities	35,517,253
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>103,694</u>
Total Deferred Inflows of Resources	103,694
<b>NET POSITION</b>	
Restricted for Emergencies	5,097
Unrestricted	<u>(32,580,900)</u>
Total Net Position	<u><u>\$ (32,575,803)</u></u>

See accompanying Notes to Financial Statements.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Expenses	Program Revenue Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
<b>Governmental Activities:</b>			
General Government	\$ 86,242	\$ -	\$ (86,242)
Public Works	409,465	32,209	(377,256)
Interest and Related Costs on Long-Term Debt	2,219,241	-	(2,219,241)
	<u>\$ 2,714,948</u>	<u>\$ 32,209</u>	<u>(2,682,739)</u>
<b>General Revenues:</b>			
Property Taxes			80,611
Specific Ownership Taxes			56,774
Net Investment Income			6,376
Total General Revenues			<u>801,289</u>
<b>Change in Net Position</b>			(1,881,450)
Net Position - Beginning of Year			<u>(30,694,353)</u>
<b>Net Position - End of Year</b>			<u><u>\$ (32,575,803)</u></u>

See accompanying Notes to Financial Statements.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
DECEMBER 31, 2018**

	General Fund
<b>ASSETS</b>	
Cash and Investments	\$ 305,721
Restricted Cash	560,817
Property Tax Receivable	103,694
Accounts Receivable	8,312
Prepaid Items	4,681
Due from County Treasurer	4,332
	<hr/>
Total Assets	\$ 987,557
	<hr/>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 58,954
Retention Payable	7,230
Total Liabilities	<hr/> 66,184
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	103,694
Total Deferred Inflows of Resources	<hr/> 103,694
<b>FUND BALANCE</b>	
Non-spendable	4,681
Restricted for TABOR	5,097
Restricted for Capital Projects	495,538
Unassigned	312,363
Total Fund Balance	<hr/> 817,679
	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 987,557
	<hr/>

See accompanying Notes to Financial Statements.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

Total Fund Balance - Total Governmental Fund	\$ 817,679
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet.	
Construction in Progress	2,057,587
Accrued interest payable is recognized for governmental activities, but is not reported as a liability in the governmental fund.	(1,366,186)
Some liabilities, including bonds and notes payable, are not due in the current period and, therefore, are not reported in the fund balance sheet.	
Developer Advances	(1,992,524)
2013 BAN	(16,618,100)
2016 Series Note	(15,474,259)
	<u>(34,084,883)</u>
Net Position of Governmental Activities	<u>\$ (32,575,803)</u>

See accompanying Notes to Financial Statements.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2018**

	General Fund
<b>REVENUES</b>	
Property Tax Income	\$ 80,611
Specific Ownership Taxes	56,774
Net Investment Income	6,376
TIF Income	657,528
Reimbursement Income	32,209
Total Revenues	<u>833,498</u>
<b>EXPENDITURES</b>	
Current:	
Audit and Accounting	42,295
Insurance	4,706
Legal	9,978
Letter of Credit	17,427
Other	696
Director Fees	60
Treasurer Fees	11,080
Debt Service:	
Principal	1,192,424
Interest	1,205,736
Loan Origination Fees	17,829
Non-use Fees	1,114
Custodial Fees	4,500
Capital Outlay	358,193
Total Expenditures	<u>2,866,038</u>
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES</b>	(2,032,540)
<b>OTHER FINANCING SOURCES</b>	
Proceeds from 2016 Debt Instruments	1,814,320
Total Other Financing Sources	<u>1,814,320</u>
<b>NET CHANGE IN FUND BALANCES</b>	(218,220)
Fund Balance - Beginning of Year	<u>1,035,899</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 817,679</u></u>

See accompanying Notes to Financial Statements.



**COLLIERS HILL METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balance - Total Governmental Fund	\$ (218,220)
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental fund reports capital outlays as expenditures. However, for  
government activities, those capital outlays other than noncapitalizable  
items are shown in the statement of activities at cost.

Capital Outlay	358,193
----------------	---------

The issuance of long-term debt provides current financial resources to the  
governmental fund, while the repayment of the principal on long-term debt  
consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net position.

Loan Proceeds from Developer Advances	(31,427)
Loan Proceeds on 2016 Debt Instruments	(1,782,893)
Payment of Principal	1,192,424

The change in accrued interest expense and non-use fees does not have any  
impact on governmental fund expenditures. This transaction, however, does  
increase the amount of interest expense on the statement of activities.

Accrued Interest and Non-Use Fees	(990,062)
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Transfers of capital improvements to other entities decrease net position in the  
statement of activities. This transaction is not reported in the governmental  
fund as it is not a current use of financial resources.

	(409,465)
Change in Net Position of Governmental Activities	<u>\$ (1,881,450)</u>

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1    DEFINITION OF REPORTING ENTITY**

Colliers Hill Metropolitan District No. 1 (the District) is a quasi-municipal corporation located within the Town of Erie, Colorado formed by election in May 2008. The District and the Town of Erie have entered into an Intergovernmental Agreement as required by the Erie Code, which implemented the District Service Plan and limited certain District statutory powers. The District is governed pursuant to provisions of the Colorado Special District Act to finance construction, operation and maintenance of the facilities located within the Colliers Hill Metropolitan Districts No. 1, No. 2 and No. 3. In June 2014, Daybreak Metropolitan Districts 1, 2, and 3 formally changed their name to Colliers Hill Metropolitan Districts 1, 2, and 3.

The District was organized concurrently with Colliers Hill Metropolitan District No. 2 (District No. 2) and Colliers Hill Metropolitan District No. 3 (District No. 3). The District has the power to provide water, sanitation, streets, traffic and safety controls, park and recreation improvements, mosquito and pest control, transportation and other related improvements for the benefit of taxpayers and service users within the Districts' boundaries. The Service Plan requires the District to convey most of the constructed improvements to the Town of Erie for ownership and maintenance.

The District has no employees and all services are contracted.

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 District No. 2, District No. 3 and the Town of Erie.

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

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Government-Wide and Fund Financial Statements (Continued)**

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities and deferred outflows and inflows of resources of the District is reported as net position. The District is responsible for the repayment of bonds issued for the purpose of constructing infrastructure improvements, which will be conveyed to the Town of Erie. Consequently, a deficit balance is reflected on the District's Statement of Net Position.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Construction in progress is shown as an increase in assets and increases in long-term obligations are recorded as an increase in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and development fees. The District determined that developer advances are not considered as revenue susceptible to accrual. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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.

**Investments**

Investments are recorded at amortized cost.

**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 instalments, 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.

Property taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

In 2013, the District entered into an intergovernmental cooperation agreement with the Town of Erie Urban Renewal Authority (TOEURA) for tax increment financing (TIF). The agreement authorizes the District to be reimbursed for the design, acquisition, construction, installation and financing of Public Improvements in Urban Renewal Area No. 4. Operation, maintenance and administrative costs shall also be reimbursed as applicable. Taxes levied on taxable real property located within the TIF area after September 10, 2013 shall be divided each year for a period not to exceed twenty-five years from the effective date of the Urban Renewal Plan. Taxes will be collected by TOEURA and remitted to the District as set forth in the intergovernmental agreement.

**Capital Assets**

Capital assets consist entirely of construction projects in process that will be conveyed to the Town of Erie once completed. Therefore, no depreciation is calculated on these assets. Interest incurred during construction is not capitalized.

**Fund Balance and Net Position**

Net position is reported in the governmental activities and is classified as restricted or unrestricted. Restrictions of net position represent amounts that are not available for appropriation or are legally restricted. As of December 31, 2018, fund balances of governmental funds are classified as follows:

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Fund Balance and Net Position (Continued)**

Non-spendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund.

Unassigned – represents the residual classification for the District's General Fund and could report a surplus or deficit.

**Restricted Fund Balance**

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see note 9). In compliance with this requirement, \$5,097 of the General Fund balance has been restricted.

The District has a balance of \$495,538 which is considered restricted fund balance for capital projects.

The District's order of fund balance spending policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The District reserves the right to selectively spend unassigned fund balance.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments reflected on the statement of net position as of December 31, 2018 consist of the following:

Deposits	\$ 296,490
Restricted Cash Held in Escrow	560,817
Investments	9,231
Total Cash and Investments	<u>\$ 866,538</u>

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Cash Deposits**

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 fair value of the collateral must be at least equal to 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 carrying balance of \$857,307.

**Investments**

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments. The District also follows investment policies in bond or note agreements when those agreements are more restrictive than state statutes. The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local government, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amortized Cost</u>
Money Market Fund - Fidelity Treasury	Less than One Year	<u>\$ 9,231</u>

At December 31, 2018, the District had \$9,231 invested in Fidelity Treasury Money Market Funds. The investment is rated AAAM by Standard & Poor's and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

**NOTE 4 CONSTRUCTION IN PROCESS**

An analysis of the changes in construction in progress for the year ended December 31, 2018 follows:

	<u>Balance at January 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2018</u>
Construction in Progress	<u>\$ 2,108,859</u>	<u>\$ 358,193</u>	<u>\$ 409,465</u>	<u>\$ 2,057,587</u>

It is the policy of the Town of Erie to accept the maintenance responsibility for water, sanitation, traffic and safety controls, park and recreation improvements, mosquito and pest control, transportation and other related improvements within the District only after a probationary period following completion of construction. When the improvements enter the probationary period, the District removes the cost of construction from its Statement of Net Position.

During 2018, major conveyances to the Town of Erie included warranty costs in the amount of \$409,465.

**NOTE 5 RELATED PARTY**

All of the members of the Board of Directors are employees or are associated with Bellock Construction Company, construction manager and accountants for the District, Community Development Group of Erie, Inc. (CDG of Erie, Inc.), the developer within the District and Tallgrass Investors, LLC, Landowner within the District.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 RELATED PARTY (CONTINUED)**

**Construction Management Agreement**

A construction management agreement was entered into July 24, 2008, between the District and Bellock Construction Company. The agreement calls for Bellock Construction Company to provide management services for all activities related to construction projects to be completed within Colliers Hill Metropolitan Districts No. 1. The agreement expires on December 31 of each year, but is automatically extended for a successive annual period so long as sufficient funds have been appropriated, unless contrary action is taken.

The amount paid to Bellock Construction Company during 2018 for construction and construction management was \$54,263.

**Accounting Services Agreement**

An accounting services contract was entered into with Bellock Construction Company on July 24, 2008. Under this agreement, accounting services are provided to District No. 1 at the hourly rates of Bellock Construction Company employees. During 2018, the District incurred accounting services fees in the amount of \$31,045.

**NOTE 6 LONG-TERM OBLIGATIONS**

The District's long-term obligations consist of the following for the year ended December 31, 2018:

	Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Developer Advances	\$ 3,027,780	\$ 31,427	\$ 1,066,683	\$ 1,992,524	\$ -
2013 BAN	16,618,100	-	-	16,618,100	-
General Obligation Limited Tax Notes					
Series 2016	13,817,107	1,782,893	125,741	15,474,259	241,799
Total	<u>\$ 33,462,987</u>	<u>\$ 1,814,320</u>	<u>\$ 1,192,424</u>	<u>\$ 34,084,883</u>	<u>\$ 241,799</u>

**Developer Advances**

In 2014, Developer agreed to advance the District funds of \$651,754 for eligible costs as defined by the Districts, of which a limited portion was for operation/administrative costs and the remaining portion was for capital. In 2015, the Developer advanced an additional \$9,989,060. In 2017, the District received \$375,000 in additional advances. In 2018, the District received \$31,427 in additional advances and paid \$1,066,683 of principal. All Developer Advances have an interest rate of 8.5%. Total interest charged to expense for the Developer advances was \$179,375 for the year ended December 31, 2018.



**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$16,618,100 Bond Anticipation Notes**

In December 2013, the District issued one or more series of subordinate notes, in a total principal amount not to exceed \$16,618,100, to be issued to the Developer, a related party (see Note 5), for outstanding amounts previously advanced to the District by the Developer for capital costs. The bond anticipation note (BAN) shall incur interest payable on June 1 and December 1, starting on June 1, 2014 at an annual interest rate of 8.5% per annum. The repayment of the 2013 Bond Anticipation Notes will be subordinate to any outstanding senior bonds. The 2013 BAN matured on December 11, 2018.

The agreement states that the BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The District did not pay off principal or issue a new instrument in 2018. Interest will continue to accrue until one of those requirements is met. During 2018, the District incurred \$1,404,692 in interest expense related to the BAN. The District made interest payments of \$506,160 on accrued interest in 2018. The repayment of the BAN is subordinate in all respects to repayment of any outstanding Senior Notes or Senior Debt of the District. The repayment of the BAN principal and accrued interest is payable in immediately available funds upon presentation and surrender of this BAN at its maturity, December 11, 2018. The District has the ability to consummate the outstanding BAN in accordance with GASB No. 62, Paragraph 39. Based on this ability, the District has excluded the BAN from current liabilities as of December 31, 2018.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 16,618,100	\$ 1,177,115	\$ 17,795,215
Total	<u>\$ 16,618,100</u>	<u>\$ 1,177,115</u>	<u>\$ 17,795,215</u>

**Series 2016 Note**

The District issued the 2016 Limited Tax Obligation Note on March 10, 2016 for an amount not to exceed \$10,000,000 through March 10, 2019. On February 3, 2017, the District executed an additional agreement under the same terms for an amount not to exceed \$5,600,000. The proceeds of such debt will be used to refund a portion of the amounts due on the District's Developer Advances and pay costs of issuance on the Note. The District does not have optional prepayment of principal through the second anniversary of the date of the Note. A prepayment fee of 1% will be added to the principal balance if prepayment occurs after the second anniversary date but before the third anniversary date. No prepayment fee is incurred if prepayment occurs after the third anniversary date and before the fifth anniversary date of the Note. On May 25, 2021, and each five year anniversary until the maturity date, the interest rate will reset to the Bank Qualified Tax-Exempt Rate on the reset date. Interest payments are due on June 1 and December 1 of each year. The District is subject to non-use fees in the amount of 0.25% of the unfunded portion computed on the basis of a 360-day year and actual days elapsed beginning on the commencement date of the Initial Advance stated above. The District incurred \$743 in non-use fees in 2018.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

Each advance is subject to the terms as noted above. Below is a summary of each draw made through December 31, 2018:

	Amount	Principal Paid in 2018	Interest Incurred in 2018	Date of Advance	Effective Interest Rate
Initial Advance	\$ 6,753,144	\$ 101,297	\$ 262,085	March 14, 2016	3.833%
Second Advance	1,629,587	24,444	60,644	September 1, 2016	3.675%
Third Advance	1,617,269	-	69,000	January 25, 2017	4.208%
Fourth Advance	262,669	-	11,207	February 3, 2017	4.208%
Fifth Advance	2,529,277	-	100,781	June 1, 2017	3.930%
Sixth Advance	1,025,161	-	42,252	October 19, 2017	4.065%
Seventh Advance	1,782,893	-	67,640	February 28, 2018	4.478%
Total	<u>\$ 15,600,000</u>	<u>\$ 125,741</u>	<u>\$ 613,609</u>		

The following summarizes the debt service requirements to maturity for the 2016 Note:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 241,799	\$ 622,468	\$ 864,267
2020	280,801	614,584	895,385
2021	54,600	601,614	656,214
2022	78,000	599,418	677,418
2023	124,800	596,282	721,082
2024 - 2028	771,617	2,896,170	3,667,787
2029 - 2033	1,723,800	2,686,490	4,410,290
2034 - 2038	3,244,800	2,220,493	5,465,293
2039 - 2043	4,953,000	1,432,885	6,385,885
2044 - 2046	4,001,042	336,143	4,337,185
Total	<u>\$ 15,474,259</u>	<u>\$ 12,606,547</u>	<u>\$ 28,080,806</u>

**Debt Authorization**

The District voters approved \$330,000,000 of revenue obligation debt in 2008 at an interest rate not to exceed 18% per annum. At December 31, 2018, the District had remaining authorized but unissued indebtedness of \$295,915,118. 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.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 7 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT  
(SERVICE CONTRACT) AND OTHER AGREEMENTS**

**Maintenance and Warranty of Public Improvements**

After completion of public improvements and initial acceptance by the local jurisdiction, the District is responsible for any and all warranty costs associated with the improvements, if any. After two years and receipt of final acceptance by the local jurisdiction, the District has no responsibility or exposure to warranty claims or costs.

**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) as of December 31, 2018. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage during the past three years.

The District pays annual premiums to the Pool for liability 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.

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 9 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

On May 6, 2008, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under 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 and qualification as an enterprise, will require judicial interpretation.

**NOTE 10 SUBSEQUENT EVENT**

In February 2019, the District issued the 2019A Limited Tax Obligation Note for an amount not to exceed \$7,500,000 with the ability to draw on the Note through February 8, 2022. The terms are similar to the Series 2016 Note as described in Note 6. On February 8, 2019, the District had an initial draw of \$4,167,442.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COLLIERS HILL METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 74,919	\$ 80,611	\$ 5,692
Specific Ownership Taxes	36,878	56,774	19,896
TIF Income	662,638	657,528	(5,110)
Intergovernmental - Town of Erie	690,051	-	(690,051)
Reimbursement Income	-	32,209	32,209
Investment Income	-	6,376	6,376
Total Revenues	<u>1,464,486</u>	<u>833,498</u>	<u>(630,988)</u>
<b>EXPENDITURES</b>			
Current:			
Treasurer Fees	11,063	11,080	(17)
Audit	11,250	11,250	-
Accounting	65,000	31,045	33,955
Insurance	4,900	4,706	194
Legal	25,000	9,978	15,022
Letter of Credit	51,124	17,427	33,697
Miscellaneous	10,000	696	9,304
Director Fees	230	60	170
Capital Outlay	3,190,971	358,193	2,832,778
Debt Service:			
Principal Payments	125,741	1,192,424	(1,066,683)
Interest	834,124	1,205,736	(371,612)
Loan Origination Fees	17,829	17,829	-
Non-use Fees	4,519	1,114	3,405
Custodial Fees	6,000	4,500	1,500
Total Expenditures	<u>4,357,751</u>	<u>2,866,038</u>	<u>1,491,713</u>
<b>EXCESS REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	(2,893,265)	(2,032,540)	860,725
<b>OTHER FINANCING SOURCES</b>			
Proceeds from 2016 Debt Instruments	1,782,893	1,814,320	31,427
Total Other Financing Sources	<u>1,782,893</u>	<u>1,814,320</u>	<u>31,427</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,110,372)	(218,220)	892,152
<b>FUND BALANCES -</b>			
<b>BEGINNING OF YEAR</b>	<u>1,190,088</u>	<u>1,035,899</u>	<u>(154,189)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 79,716</u>	<u>\$ 817,679</u>	<u>\$ 737,963</u>

