

WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 AND 3

JOINT 2017 ANNUAL REPORT

TO

CITY OF COLORADO SPRINGS, COLORADO

Pursuant Section VII(B) of the Amended and Restated Consolidated Service Plan for Woodmen Heights Metropolitan District Nos. 1, 2 and 3, (the “**Districts**”) are required to provide an annual report to the City of Colorado Springs with regard to the following matters:

1. Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year.
2. Intergovernmental agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.
3. Copies of the Districts’ rules and regulations, if any, as of December 31 of the prior year.
4. A summary of any litigation which involves the District’s Public Improvements as of December 31 of the prior year.
5. Status of the Districts’ construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.
7. The assessed valuation of the Districts for the current year.
8. Current year budget including a description of the Public Improvements to be constructed in such year.
9. Audit of the Districts financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.
10. Notice of any uncured events of noncompliance by the Districts under any Debt instrument which continue beyond a 90-day period.
11. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a 90-day period.

12. Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.

For the year ending December 31, 2017, the Districts make the following report:

1. Boundary changes made in 2017.

There were boundary changes made in 2017. Due to land use changes, certain property was excluded from the commercial district (District No. 3), and then included into the residential district (District No. 2). Copies of the Order for Inclusion of Property, District No. 2 (C.R.S., COLA, LLC and The Center for Strategic Ministry) and the Order for Exclusion of Property, District No. 3 (COLA, LLC and The Center for Strategic Ministry) were granted by the District Court and then recorded with the County Clerk and Recorder.

2. Intergovernmental Agreements with other governmental bodies entered into or proposed.

A proposed agreement with the City was previously pending concerning among other things, cost recovery arrangements for fair and equitable cost participation from benefited properties located outside of the Districts. The pending agreement has been tabled.

3. Rules and Regulations.

None.

4. A summary of any litigation involving the Districts.

To our actual knowledge, based on review of the court records in El Paso County, there is no litigation involving the District as of December 31, 2017.

5. Public Improvement Construction Status.

A small amount of public infrastructure construction continues to occur within the boundaries of the Districts by the developers as necessary for their projects.

6. Public Improvement Dedication to City on for reporting year.

There was nothing conveyed to the City in 2017 by the Districts.

7. Summary of current assessed valuations for the Financing Districts.

District No. 1's certified assessed valuation for 2017: \$170
District No. 2's certified assessed valuation for 2017: \$ 36,806,160
District No. 3's certified assessed valuation for 2017: \$ 2,415,490

8. Budgets for reporting year.

Copies of the 2017 budgets for Districts Nos. 1, 2 and 3 are attached as **Exhibit A**.

9. Audited Financial Statements for previous year.

A copy of 2017 Audit Report for the Districts is attached as **Exhibit B**.

10. Notice of any uncured events of noncompliance by the Districts under any Debt instrument which continue beyond a 90-day period.

None.

11. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a 90-day period.

None.

12. Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.

Not applicable in 2017.

EXHIBIT A
2017 BUDGETS

2018 BUDGET MESSAGE

WOODMEN HEIGHTS METROPOLITAN DISTRICTS 1, 2 and 3

These Districts were formed in December 2004 as a vehicle to construct, install and otherwise provide public improvements including streets, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translators.

The budgets set forth the revenues and expenditures of the Districts for 2016 through 2018 utilizing different funds including a general fund to provide for the payment of general operating and administrative expenditures, and a debt service fund to account for the repayment of principal and interest on outstanding debt obligations. Capital funds have been fully expended therefore the developers will fund their own public improvements that may be necessary for their respective projects.

The services to be provided for the Districts in 2018 are for regular day to day administration such as fee and tax collections, audit, budgets, reporting, and monthly draws. The budget is based on a cash basis. The District operated without an office or employees but does contract for a manager, attorney, accountant, and auditor.

**WOODMEN HEIGHTS METROPOLITAN DISTRICT
2017 AMENDED BUDGET AND 2018 BUDGET
DISTRICT 1 - GENERAL FUND**

	2016 ACTUAL	2017 ACTUAL	2017 AMENDED	2017 BUDGET	2018 BUDGET
\$5,000/ACRE PLATTING FEE (60 Acres)	\$ 384,200.10	\$ 169,558.03	\$ 169,558.03	\$ 300,000.00	\$ 300,000.00
\$500/ACRE PLATTING FEE-PARK	\$ 49,363.50	\$ 29,442.85	\$ 29,442.85	\$ 30,000.00	\$ 30,000.00
\$1,700/ACRE CITY FEE FOR PARKS	\$ 167,835.90	\$ 100,105.52	\$ 100,105.52	\$ 102,000.00	\$ 102,000.00
\$500/ACRE CITY FEE FOR BRIDGE	\$ 49,363.50	\$ 29,442.85	\$ 29,442.85	\$ 30,000.00	\$ 30,000.00
TOTAL CREDITS GIVEN FOR TIER DEBT	\$ 351,930.00	\$ 124,870.42	\$ 124,870.42		
	2016 ACTUAL	2017 ACTUAL	2017 AMENDED	2017 BUDGET	2018 BUDGET
GENERAL FUND BEGINNING BALANCE	\$ 42,722.11	\$ 633,963.73	\$ 633,963.73	\$ 633,963.73	\$ 562,604.27
REVENUES/PLATTING FEES	\$ 371,903.85	\$ 163,924.16	\$ 163,924.16	\$ 300,000.00	\$ 460,000.00
COST RECOVERIES	\$ 500,000.00	\$ 650,000.00	\$ 650,000.00	\$ 650,000.00	\$ -
DRAINAGE CREDITS- SOLD	\$ 85,776.49	\$ 30,993.90	\$ 30,993.90	\$ -	\$ -
O&M MILL LEVY (10) - DISTRICT 2	\$ 258,855.66	\$ 340,751.85	\$ 340,751.85	\$ 321,917.53	\$ 435,385.31
O&M MILL LEVY (10) - DISTRICT 3	\$ 18,922.87	\$ 24,011.58	\$ 24,011.58	\$ 23,145.17	\$ 24,688.86
TOTAL REVENUES	\$ 1,235,458.88	\$ 1,209,681.49	\$ 1,209,681.49	\$ 1,295,062.70	\$ 920,074.17
TOTAL REVENUE & FUND BALANCE	\$ 1,278,180.99	\$ 1,843,645.22	\$ 1,843,645.22	\$ 1,929,026.42	\$ 1,482,678.44
EXPENDITURES					
O&M DISTRICT 2 (landscape maintenance - WEST)	\$ 61,765.96	\$ 54,055.19	\$ 68,000.00	\$ 68,000.00	\$ 75,000.00
O&M DISTRICT 2 (landscape maintenance - EAST)	\$ 26,481.39	\$ 72,007.66	\$ 72,007.66	\$ 70,000.00	\$ 90,000.00
O&M DISTRICT 3 (landscaping, utilities, snow removal)	\$ -	\$ -	\$ -	\$ -	\$ -
BOARD OF DIRECTORS FEE	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00
CAPITAL EXPENDITURES		\$ 500,000.00	\$ 500,000.00		\$ 350,000.00
CAPITAL EXPENDITURES - PILOT			\$ 35,000.00		\$ 35,000.00
DISTRICT MANAGEMENT/ACCOUNTING	\$ 96,000.00	\$ 96,000.00	\$ 96,000.00	\$ 96,000.00	\$ 108,000.00
OFFICE/POSTAGE	\$ 536.02	\$ 685.73	\$ 700.00	\$ 700.00	\$ 700.00
AUDIT	\$ 15,000.00	\$ 15,450.00	\$ 15,450.00	\$ 15,000.00	\$ 16,000.00
GENERAL LIABILITY INSURANCE	\$ 10,664.61	\$ 10,918.10	\$ 11,000.00	\$ 11,000.00	\$ 15,000.00
SDA DUES	\$ 1,378.51	\$ 1,118.75	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
LEGAL	\$ 48,310.58	\$ 63,786.47	\$ 75,000.00	\$ 60,000.00	\$ 60,000.00
TREASURER'S FEES	\$ 4,514.49	\$ 4,816.08	\$ 4,837.33	\$ 4,837.33	\$ 6,449.64
BANK SERVICE CHARGES	\$ 40.00	\$ 45.00	\$ 200.00	\$ 200.00	\$ 200.00
REPAY DEVELOPER ADVANCES/OLD VENDORS	\$ 338,745.47	\$ 451,373.09	\$ 950,000.00	\$ 1,450,000.00	\$ 460,000.00
CONTINGENCY			\$ -		\$ 200,000.00
MISCELLANEOUS/ENGINEERING	\$ 40,780.23	\$ 10,784.88	\$ 10,784.88	\$ 2,000.00	\$ 10,000.00
TOTAL EXPENDITURES	\$ 644,217.26	\$ 1,281,040.95	\$ 1,840,479.87	\$ 1,779,237.33	\$ 1,430,849.64
ENDING FUND BALANCE	\$ 633,963.73	\$ 562,604.27	\$ 3,165.35	\$ 149,789.10	\$ 51,828.80
3% EMERGENCY RESERVE	\$ 19,326.52	\$ 38,431.23	\$ 55,214.40	\$ 53,377.12	\$ 42,925.49

**WOODMEN HEIGHTS METROPOLITAN DISTRICT
2017 AMENDED BUDGET AND 2018 BUDGET
DISTRICT 1 - SERIES 2012A AND 2012B BONDS FUND**

	2016 ACTUAL	2017 ACTUAL	2017 AMENDED	2017 BUDGET	2018 BUDGET
REVENUE FUND BEGINNING BALANCE	\$ 2,835,174.50	\$ 4,968,316.74	\$ 4,968,316.74	\$ 4,968,316.74	\$ 6,390,350.68
REVENUES					
CENTER FOR STRATEGIC MINISTRY	\$ 181,837.03	\$ 108,816.52	\$ 108,816.52	\$ 175,014.48	\$ -
D2- PROPERTY TAXES	\$ 700,525.54	\$ 856,853.16	\$ 902,572.50	\$ 902,572.50	\$ 1,220,706.48
D2- SPECIFIC OWNERSHIP TAXES	\$ 84,642.29	\$ 116,459.96	\$ 116,459.96	\$ 63,180.08	\$ 85,449.45
D2- DELINQUENT TAX AND INTEREST	\$ 3,732.93	\$ 263.97	\$ 263.97		
D2- PY TAX ABATEMENT	\$ 293.13	\$ -	\$ -		
D2- PY ABATEMENT INTEREST	\$ -	\$ -	\$ -		
D3- PROPERTY TAXES	\$ 51,331.23	\$ 62,862.81	\$ 64,893.00	\$ 64,893.00	\$ 69,221.10
D3- SPECIFIC OWNERSHIP TAXES	\$ 6,184.75	\$ 8,791.90	\$ 8,791.90	\$ 4,542.51	\$ 4,845.48
D3- DELINQUENT TAX AND INTEREST	\$ 170.27	\$ 380.03	\$ 380.03		
D2- IMPACT FEES RESIDENTIAL (\$3,420.68/unit) 300	\$ 1,120,060.26	\$ 641,784.63	\$ 641,784.63	\$ 977,337.00	\$ 1,220,706.48
D2- IMPACT FEES RES MULTI (\$2,052.41/unit)	\$ 446,781.60	\$ -	\$ -		
D3- IMPACT FEES COMMERCIAL (\$0.86/SF) 60,000	\$ 14,625.00	\$ -	\$ 49,200.00	\$ 49,200.00	\$ 51,600.00
INTEREST INCOME	\$ 361.60	\$ 21,683.41	\$ 21,683.41		\$ 10,000.00
TOTAL REVENUES	\$ 2,610,545.63	\$ 1,817,896.39	\$ 1,914,845.92	\$ 2,236,739.57	\$ 2,662,528.98
TOTAL REVENUE & FUND BALANCE	\$ 5,445,720.13	\$ 6,786,213.13	\$ 6,883,162.66	\$ 7,205,056.30	\$ 9,052,879.66
EXPENDITURES					
2012A BOND INTEREST	\$ 386,100.00	\$ 381,300.00	\$ 381,300.00	\$ 381,300.00	\$ 376,200.00
2012B BOND INTEREST					\$ 2,628,000.00
2012A BOND PRINCIPAL	\$ 80,000.00	\$ 85,000.00	\$ 85,000.00	\$ 85,000.00	\$ 95,000.00
BANK SERVICE CHARGES/BOND FEES	\$ 6,000.00	\$ 6,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
CONTINGENCY			\$ 2,000.00		\$ 2,000.00
TREASURERS FEES	\$ 5,303.39	\$ 13,805.40	\$ 14,511.98	\$ 14,511.98	\$ 19,348.91
TOTAL EXPENDITURES	\$ 477,403.39	\$ 486,105.40	\$ 492,811.98	\$ 490,811.98	\$ 3,130,548.91
TRANSFER TO SURPLUS FUND	\$ -			\$ -	\$ -
ENDING FUND BALANCE	\$ 4,968,316.74	\$ 6,300,107.73	\$ 6,390,350.68	\$ 6,714,244.32	\$ 5,922,330.75

**WOODMEN HEIGHTS METROPOLITAN DISTRICT
2017 AMENDED BUDGET AND 2018 BUDGET
DISTRICT 1 - SURPLUS FUND**

	2016 ACTUAL	2017 ACTUAL	2017 AMENDED	2017 BUDGET	2018 BUDGET
SURPLUS FUND BEGINNING BALANCE	\$ 50,007.30	\$ 50,012.28	\$ 50,012.28	\$ 50,011.45	\$ 50,194.35
REVENUES					
TRANSFER IN FROM REVENUE FUND	\$ -	\$ -	\$ -	\$ -	
INTEREST INCOME	\$ 4.98	\$ 182.07	\$ 182.07	\$ 5.00	\$ 100.00
TOTAL REVENUES	\$ 4.98	\$ 182.07	\$ 182.07	\$ 5.00	\$ 100.00
TOTAL REVENUE & FUND BALANCE	\$ 50,012.28	\$ 50,194.35	\$ 50,194.35	\$ 50,016.45	\$ 50,294.35
EXPENDITURES			\$ -		
BANK SERVICE CHARGES/BOND FEES	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFER TO REVENUE FUND	\$ -			\$ -	\$ -
ENDING FUND BALANCE	\$ 50,012.28	\$ 50,194.35	\$ 50,194.35	\$ 50,016.45	\$ 50,294.35

2018 BUDGET MESSAGE

WOODMEN HEIGHTS METROPOLITAN DISTRICTS 1, 2 and 3

These Districts were formed in December 2004 as a vehicle to construct, install and otherwise provide public improvements including streets, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translators.

The budgets set forth the revenues and expenditures of the Districts for 2016 through 2018 utilizing different funds including a general fund to provide for the payment of general operating and administrative expenditures, and a debt service fund to account for the repayment of principal and interest on outstanding debt obligations. Capital funds have been fully expended therefore the developers will fund their own public improvements that may be necessary for their respective projects.

The services to be provided for the Districts in 2018 are for regular day to day administration such as fee and tax collections, audit, budgets, reporting, and monthly draws. The budget is based on a cash basis. The District operated without an office or employees but does contract for a manager, attorney, accountant, and auditor.

**WOODMEN HEIGHTS METROPOLITAN DISTRICT
2017 AMENDED BUDGET AND 2018 BUDGET
DISTRICT 2 - GENERAL FUND**

	2016 ACTUAL	2017 ACTUAL	2017 AMENDED	2017 BUDGET	2018 BUDGET
GENERAL FUND BEGINNING BALANCE	\$ 30,759.58	\$ 76,485.15	\$ 76,485.15	\$ 76,485.15	\$ 18,787.80
REVENUES		\$ 23,660.00	\$ 23,660.00		
D2- PROPERTY TAXES	\$ 233,508.19	\$ 299,898.49	\$ 299,898.49	\$ 300,857.50	\$ 406,902.16
D2- SPECIFIC OWNERSHIP TAXES	\$ 28,214.10	\$ 40,760.97	\$ 40,760.97	\$ 21,060.03	\$ 28,483.15
D2- DELINQUENT TAX AND INTEREST	\$ 1,342.02	\$ 92.39	\$ 92.39		
D2- COURT ORDER JUDGEMENT TAXES (2 MILLS)	\$ 45,725.57		\$ -		
TOTAL REVENUES	<u>\$ 308,789.87</u>	<u>\$ 364,411.85</u>	<u>\$ 364,411.85</u>	<u>\$ 321,917.53</u>	<u>\$ 435,385.31</u>
TOTAL REVENUE & FUND BALANCE	<u>\$ 339,549.45</u>	<u>\$ 440,897.00</u>	<u>\$ 440,897.00</u>	<u>\$ 398,402.68</u>	<u>\$ 454,173.11</u>
EXPENDITURES					
O&M DISTRICT 2 (landscaping, utilities, snow removal)		\$ -	\$ -		
CO TREASURER'S FEE	\$ 4,208.64	\$ 4,487.21	\$ 4,487.21	\$ 4,512.86	\$ 6,103.53
CONTINGENCY			\$ 2,000.00		\$ 2,000.00
MISCELLANEOUS (JUDGEMENT)	\$ -	\$ 81,347.35	\$ 81,347.35	\$ 76,485.15	\$ 18,797.80
TOTAL EXPENDITURES	<u>\$ 4,208.64</u>	<u>\$ 85,834.56</u>	<u>\$ 87,834.56</u>	<u>\$ 80,998.01</u>	<u>\$ 26,901.33</u>
TRANSFER TO DISTRICT 1 GENERAL FUND	<u>\$ 258,855.66</u>	<u>\$ 336,264.63</u>	<u>\$ 336,264.63</u>	<u>\$ 317,404.66</u>	<u>\$ 427,271.78</u>
ENDING FUND BALANCE	<u>\$ 76,485.15</u>	<u>\$ 18,797.80</u>	<u>\$ 16,797.80</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>
ASSESSED VALUATION DISTRICT 2	23,351.820	30,085.750	30,085.750	30,085.750	36,807.070
MILL LEVY	10.000	10.000	10.000	10.000	11.055
MILL LEVY	2.000				

**WOODMEN HEIGHTS METROPOLITAN DISTRICT
2017 AMENDED BUDGET AND 2018 BUDGET
DISTRICT 2 - DEBT SERVICE FUND**

	2016 ACTUAL	2017 ACTUAL	2017 AMENDED	2017 BUDGET	2018 BUDGET
DEBT SERVICE BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
D2- PROPERTY TAXES	\$ 700,525.54	\$ 856,853.16	\$ 856,853.16	\$ 902,572.50	\$ 1,220,706.48
D2- SPECIFIC OWNERSHIP TAXES	\$ 84,642.29	\$ 116,459.96	\$ 116,459.96	\$ 63,180.08	\$ 85,449.45
D2- DELINQUENT TAX AND INTEREST	\$ 3,732.93	\$ 263.97	\$ 263.97		
D2- PY TAX ABATEMENT AND INTEREST	\$ 293.13	\$ -	\$ -		
D2- IMPACT FEES RESIDENTIAL (\$3,420.68/unit) 300	\$ 1,120,060.26	\$ 641,784.63	\$ 641,784.63	\$ 977,337.00	\$ 1,026,204.00
D2- IMPACT FEES MULTI - RES (\$2,052.41/unit)	\$ 446,781.60	\$ -	\$ -	\$ -	
TOTAL REVENUES	\$ 2,356,035.75	\$ 1,615,361.72	\$ 1,615,361.72	\$ 1,943,089.58	\$ 2,332,359.93
EXPENDITURES					
CO TREASURER'S FEE	\$ 10,568.27	\$ 13,537.33	\$ 13,537.33	\$ 13,538.59	\$ 18,310.60
MISCELLANEOUS	\$ -	\$ -	\$ -		
TOTAL EXPENDITURES	\$ 10,568.27	\$ 13,537.33	\$ 13,537.33	\$ 13,538.59	\$ 18,310.60
TRANSFER TO DISTRICT 1 DEBT SERVICE FUND	\$ 2,345,467.47	\$ 1,601,824.39	\$ 1,601,824.39	\$ 1,929,550.99	\$ 2,314,049.33
ENDING FUND BALANCE	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)	\$ 0.00
ASSESSED VALUATION DISTRICT 2	23,351.820	30,085.750	30,085.750	30,085.750	36,807.070
MILL LEVY	30.000	30.000	30.000	30.000	33.165
TOTAL MILL LEVY	42.000	40.000	40.000	40.000	44.220

2018 BUDGET MESSAGE

WOODMEN HEIGHTS METROPOLITAN DISTRICTS 1, 2 and 3

These Districts were formed in December 2004 as a vehicle to construct, install and otherwise provide public improvements including streets, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translators.

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The services to be provided for the Districts in 2018 are for regular day to day administration such as fee and tax collections, audit, budgets, reporting, and monthly draws. The budget is based on a cash basis. The District operated without an office or employees but does contract for a manager, attorney, accountant, and auditor.

**WOODMEN HEIGHTS METROPOLITAN DISTRICT
2017 AMENDED BUDGET AND 2018 BUDGET
DISTRICT 3 - GENERAL FUND**

	2016 ACTUAL	2017 ACTUAL	2017 AMENDED	2017 BUDGET	2018 BUDGET
GENERAL FUND BEGINNING BALANCE	\$ 9,089.65	\$ 12,312.65	\$ 12,312.65	\$ 12,312.65	\$ (0.00)
REVENUES					
D3- PROPERTY TAXES (10 MILLS)	\$ 17,110.39	\$ 20,954.27	\$ 21,631.00	\$ 21,631.00	\$ 23,073.70
D3- SPECIFIC OWNERSHIP TAXES	\$ 2,061.58	\$ 2,930.63	\$ 2,930.63	\$ 1,514.17	\$ 1,615.16
D3- DELINQUENT TAX AND INTEREST	\$ 56.76	\$ 126.68	\$ 126.68		
D3- COURT ORDER JUDGEMENT TAXES (2 MILLS)	\$ 3,223.00		\$ -		
TOTAL REVENUES	\$ 22,451.72	\$ 24,011.58	\$ 24,688.31	\$ 23,145.17	\$ 24,688.86
TOTAL REVENUE & FUND BALANCE	\$ 31,541.37	\$ 36,324.23	\$ 37,000.96	\$ 35,457.82	\$ 24,688.86
EXPENDITURES					
O&M DISTRICT 3 (landscaping, utilities, snow removal)	\$ -	\$ -	\$ -		
CO TREASURER'S FEE	\$ 305.85	\$ 304.07	\$ 324.47	\$ 324.47	\$ 346.11
MISCELLANEOUS (JUDGEMENT)	\$ -	\$ 12,312.65	\$ 12,312.65	\$ 12,312.65	
TOTAL EXPENDITURES	\$ 305.85	\$ 12,616.72	\$ 12,637.12	\$ 12,637.12	\$ 346.11
TRANSFER TO DISTRICT 1 GENERAL FUND	\$ 18,922.87	\$ 23,707.50	\$ 24,363.85	\$ 22,820.71	\$ 24,342.75
ENDING FUND BALANCE	\$ 12,312.65	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.00)
ASSESSED VALUATION DISTRICT 3	1,706.300	2,163.100	2,163.100	2,163.100	2,307.370
MILL LEVY	10.000	10.000	10.000	10.000	10.000
MILL LEVY	2.000				

**WOODMEN HEIGHTS METROPOLITAN DISTRICT
2017 AMENDED BUDGET AND 2018 BUDGET
DISTRICT 3 - DEBT SERVICE FUND**

	2016 ACTUAL	2017 ACTUAL	2017 AMENDED	2017 BUDGET	2018 BUDGET
DEBT SERVICE BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
D3- PROPERTY TAXES	\$ 51,331.23	\$ 62,862.81	\$ 64,893.00	\$ 64,893.00	\$ 69,221.10
D3- SPECIFIC OWNERSHIP TAXES	\$ 6,184.75	\$ 8,791.90	\$ 8,791.90	\$ 4,542.51	\$ 4,845.48
D3- DELINQUENT TAX AND INTEREST	\$ 170.27	\$ 380.03	\$ 380.03		
D3-DELINQUENT INTEREST ABATEMENT	\$ -	\$ -	\$ -		
D3-STATUTORY INTEREST ABATEMENT		\$ -			
D3- IMPACT FEES COMMERCIAL (\$0.86/SF)60,000SF	\$ 14,625.00	\$ -	\$ -	\$ 49,200.00	\$ 51,600.00
TOTAL REVENUES	\$ 72,311.25	\$ 72,034.74	\$ 74,064.93	\$ 118,635.51	\$ 125,666.58
EXPENDITURES					
CO TREASURER'S FEE	\$ 772.52	\$ 912.22	\$ 973.40	\$ 973.40	\$ 1,038.32
MISCELLANEOUS	\$ -	\$ -	\$ -		
TOTAL EXPENDITURES	\$ 772.52	\$ 912.22	\$ 973.40	\$ 973.40	\$ 1,038.32
TRANSFER TO DISTRICT 1 DEBT SERVICE FUND	\$ 71,538.72	\$ 71,122.52	\$ 73,091.53	\$ 117,662.11	\$ 124,628.26
ENDING FUND BALANCE	\$ 0.00	\$ (0.00)	\$ 0.00	\$ -	\$ 0.00
ASSESSED VALUATION DISTRICT 3	1,706.300	2,163.100	2,163.100	2,163.100	2,307.370
MILL LEVY	30.000	30.000	30.000	30.000	30.000
TOTAL MILL LEVY	42.000	40.000	40.000	40.000	40.000

EXHIBIT B
2017 AUDIT

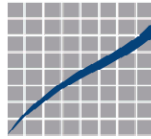
WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Woodmen Heights Metropolitan District, Nos. 1, 2 & 3

Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Woodmen Heights Metropolitan Districts Nos. 1, 2 and 3 ("Districts") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Districts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Districts as of December 31, 2017, the respective changes in financial position and the respective budgetary comparisons for the general fund and special revenue 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 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 which 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 opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Districts' basic financial statements. The supplementary information, as identified 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 31, 2018

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BASIC FINANCIAL STATEMENTS

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 2,224,723
Cash and investments - restricted	6,385,844
Accounts receivable - County Treasurer	13,515
Property taxes receivable	1,724,188
Note receivable	1,067,782
Interest receivable	34,979
Capital assets, not being depreciated:	
Construction in progress	2,125,491
Capital assets, net	9,060,690
Total assets	22,637,212
<u>LIABILITIES</u>	
Accounts payable	27,010
Accrued interest payable	568,194
Noncurrent liabilities:	
Accounts payable	337,958
Developer advances	8,260,927
General obligation limited tax bonds:	
Due within one year	95,000
Due in more than one year	42,175,001
Total liabilities	51,464,090
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property tax revenues	1,724,188
Deferred revenues	1,067,782
Total deferred inflows of resources	2,791,970
<u>NET POSITION</u>	
Net investments in capital assets	(3,813,813)
Restricted for:	
Debt service	6,395,980
Emergency reserve	18,894
Unrestricted	(34,219,909)
Total net position	\$ (31,618,848)

The accompanying notes and independent auditor's report
should be read with this financial statement.

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT:					
General government	\$ 877,020	\$ 1,270,193	\$ -	\$ -	\$ 393,173
Recoveries	-	-	732,914	-	732,914
Completion bond payments (see Note 10)	500,000	-	-	-	(500,000)
Interest and related costs on long-term debt	3,006,007	-	-	-	(3,006,007)
Total primary government	\$ 4,383,027	\$ 1,270,193	\$ 732,914	\$ -	(2,379,920)
GENERAL REVENUES:					
Property taxes					1,284,022
Specific ownership taxes					174,766
Interest earned on cash and investments					21,865
Interest earned on PILOT note receivable					134,664
Total general revenues					1,615,317
Changes in net position					(764,603)
Net position, beginning of year					(30,854,245)
Net position, end of year					<u><u>\$(31,618,848)</u></u>

The accompanying notes and independent auditor's report
should be read with this financial statement.

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 2,224,723	\$ -	\$ -	\$ 2,224,723
Cash and investments - restricted	-	-	6,385,844	6,385,844
Accounts receivable - County Treasurer	-	3,379	10,136	13,515
Property taxes receivable	-	431,047	1,293,141	1,724,188
Total assets	\$ 2,224,723	\$ 434,426	\$ 7,689,121	\$ 10,348,270
<u>LIABILITIES</u>				
Accounts payable	27,010	-	-	27,010
Total liabilities	27,010	-	-	27,010
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property tax revenues	-	431,047	1,293,141	1,724,188
Total deferred inflows of resources	-	431,047	1,293,141	1,724,188
<u>FUND BALANCE</u>				
Restricted for:				
Debt service	-	-	6,395,980	6,395,980
Emergency reserve	18,894	-	-	18,894
Assigned for:				
General fund	-	3,379	-	3,379
Unassigned	2,178,819	-	-	2,178,819
Total fund balances	2,197,713	3,379	6,395,980	8,597,072
Total liabilities and fund balances	\$ 2,224,723	\$ 434,426	\$ 7,689,121	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets, net	9,060,690
Construction in progress	2,125,491

Liabilities and receivables are not due and payable in the current period and therefore are not reported in the funds:

Interest receivable	34,979
Noncurrent accounts payable	(337,958)
Accrued interest payable	(568,194)
Developer advances	(8,260,927)
Bonds payable	(42,270,001)

Net position of governmental activities	<u><u>\$(31,618,848)</u></u>
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The accompanying notes and independent auditor's report
should be read with this financial statement.

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Charges for services	\$ -	\$ 403,921	\$ 866,272	\$ 1,270,193
Property taxes	-	321,005	963,017	1,284,022
Specific ownership taxes	-	43,691	131,075	174,766
Recoveries	689,336	-	-	689,336
PILOT income	-	-	65,239	65,239
Other income	-	-	43,578	43,578
Investment income	-	-	21,865	21,865
Total revenues	689,336	768,617	2,091,046	3,548,999
<u>EXPENDITURES</u>				
Current:				
Audit	15,450	-	-	15,450
Bank charges	6,667	-	6,000	12,667
Capital outlay	247,224	-	-	247,224
Dues and subscription	1,119	-	-	1,119
Insurance	18,793	-	-	18,793
Landscaping and maintenance	103,544	-	-	103,544
Legal	63,786	-	-	63,786
Management fees	96,000	-	-	96,000
Postage	1,197	-	-	1,197
Professional fees other	1,630	-	-	1,630
Treasurer's fees	4,817	-	14,450	19,267
Repayment of developer advances	316,786	-	-	316,786
Debt service:				
Bond principal	-	-	85,000	85,000
Interest expense	-	-	381,300	381,300
Total expenditures	877,013	-	486,750	1,363,763
Excess of revenues over (under) expenditures	(187,677)	768,617	1,604,296	2,185,236
<u>OTHER FINANCING SOURCES (USES)</u>				
Completion bond payments (see Note 10)	(500,000)	-	-	(500,000)
Transfer in (out) other funds	574,565	(767,867)	193,302	-
Total other financing sources (uses)	74,565	(767,867)	193,302	(500,000)
Net change in fund balances	(113,112)	750	1,797,598	1,685,236
Fund balances, beginning of year	2,310,825	2,629	4,598,382	6,911,836
Fund balances, end of year	\$ 2,197,713	\$ 3,379	\$ 6,395,980	\$ 8,597,072

The accompanying notes and independent auditor's report
should be read with this financial statement.

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

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

Net change in fund balances - total governmental funds \$ 1,685,236

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

Depreciation expense	(578,446)
Capital outlay	403,234
Capital assets received as payment of PILOT note receivable	(156,010)

The issuance of debt provides current financial resources to government funds, while the repayment of principal of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of debt is as follows:

Principal payments on general obligation limited tax bonds	85,000
Repayment of developer advances	316,786

Some revenues reported in the statement of activities do not provide the use of current financial resources and, therefore, are not reported as revenues in governmental funds:

PILOT receipts	(65,239)
Accrued interest receivable and balances due under PILOT agreement (see Note 4)	134,664

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

Change in and reclassification of noncurrent accounts payable	34,879
Series 2012B Bonds accretion	(2,449,208)
Change in accrued interest payable	(175,499)

Changes in net position of governmental activities **\$ (764,603)**

The accompanying notes and independent auditor's report should be read with this financial statement.

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Intergovernmental revenues	\$ 345,063	\$ 364,763	\$ -	\$ (364,763)
Recoveries	650,000	680,994	689,336	8,342
Total revenues	995,063	1,045,757	689,336	(356,421)
<u>EXPENDITURES</u>				
Audit	15,000	15,450	15,450	-
Bank charges	200	200	6,667	(6,467)
Capital outlay	-	535,000	247,224	287,776
Dues and subscription	1,500	1,500	1,119	381
Insurance	11,000	11,000	18,793	(7,793)
Landscaping and maintenance	138,000	140,008	103,544	36,464
Legal	60,000	75,000	63,786	11,214
Management fees	96,000	96,000	96,000	-
Postage	700	700	1,197	(497)
Professional fees other	2,000	10,785	1,630	9,155
Treasurer's and other fees	4,837	4,837	4,817	20
Repayment of developer advances	1,450,000	950,000	316,786	(633,214)
Total expenditures	1,779,237	1,840,480	877,013	(302,961)
Excess of revenues over (under) expenditures	(784,174)	(794,723)	(187,677)	(659,382)
<u>OTHER FINANCING SOURCES (USES)</u>				
Completion bond payments (see Note 10)	-	-	(500,000)	(500,000)
Transfer from other funds	-	-	574,565	574,565
Total other financing sources	-	-	74,565	74,565
Net change in fund balance	<u>\$ 665,826</u>	<u>\$ 155,277</u>	(113,112)	<u>\$ (1,218,031)</u>
Fund balance, beginning of year			2,310,825	
Fund balance, end of year			<u>\$ 2,197,713</u>	

The accompanying notes and independent auditor's report
should be read with this financial statement.

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Charges for services	\$ 300,000	\$ 163,924	\$ 403,921	\$ 239,997
Property taxes		-	321,005	321,005
Specific ownership taxes		-	43,691	43,691
Investment income	5	182	-	(182)
Total revenues	<u>300,005</u>	<u>164,106</u>	<u>768,617</u>	<u>604,511</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from (to) other funds	-	-	(767,867)	(767,867)
Total other financing sources (uses)	-	-	(767,867)	(767,867)
Net change in fund balance	<u>\$ 300,005</u>	<u>\$ 164,106</u>	750	<u>\$ (163,356)</u>
Fund balance, beginning of year			<u>2,629</u>	
Fund balance, end of year			<u>\$ 3,379</u>	

The accompanying notes and independent auditor's report
should be read with this financial statement.

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. DEFINITION OF REPORTING ENTITY

Woodmen Heights Metropolitan Districts Nos. 1, 2 and 3 (individually, "District #1", "District #2", and "District #3" and, collectively, the "Districts"), quasi-municipal corporations and political subdivisions of the State of Colorado, were formed on December 2, 2004, and are governed pursuant to provisions of the Colorado Special District Act. The Districts' service area is located in Colorado Springs, El Paso County, Colorado ("County"). The Districts' were organized to construct public improvements including road and bridge improvements, landscaping, sanitary and storm sewer, water systems, park and recreation, channel and other drainage improvements needed for the area within the Districts.

District #1 entered into intergovernmental agreements with District #2 and District #3. District #2 and District #3 were formed in conjunction with District #1 to serve the needs of the Woodmen Heights development for the purpose of financing, construction and operation of improvements and infrastructure serving the Districts. District #2 and District #3 are responsible for providing the funding and tax base needed to support the financing plan for capital improvements and to fund ongoing operations.

The Districts follow 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.

District #2 and District #3 collect property taxes that are then remitted to District #1. The significance of District #2's and District's #3 relationships with District #1 are such that exclusion from the reporting entity would be misleading.

Based on the application of these criteria, the financial statements of District #2 and District #3 are blended into District #1's financial statements. Separate financial statements for District #1, District #2 and District #3 can be obtained from the Districts (Kevin Walker, District Manager at 20 Boulder Crescent St., Suite 200, Colorado Springs, Colorado 80903).

The Districts have no employees and all operational and administrative functions are contracted.

See independent auditor's report

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes, specific ownership taxes, recoveries and intergovernmental revenues.

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

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

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

Measurement focus, basis of accounting and financial statement position

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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Districts consider 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, specific ownership taxes, recoveries and intergovernmental revenue. All other revenue items are considered to be measurable and available only when cash is received by the Districts. The Districts determined that developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

See independent auditor's report

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement position (continued)

The Districts report the following major governmental funds:

General fund - The general fund is used to account for all financial resources of the Districts except those required to be accounted for in another fund.

Special Revenue Fund - A special revenue fund is used to account for the general fund activity of District #2 and District #3 because these Districts are being presented as blended component units of District #1.

Debt service fund - The debt service fund accounts for the servicing of general long-term debt and revenues generated and received by the Districts that are required to be used in payment of long-term debt.

Budgets

In accordance with state budget law, the Districts' boards of directors hold 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 and other financing uses level and lapses at year-end. The Districts' boards 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.

Pooled cash and investments

The Districts follow 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 and investments.

Investments are carried at fair value.

See independent auditor's report

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes

Property taxes are levied by the Districts' boards 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 and attaches as an enforceable lien 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, at the taxpayer's election, in February and June in equal installments. 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 to the Districts monthly.

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

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Districts as assets with an initial, individual cost of more than \$500 and a useful life greater than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives of the assets, which range from 20 to 40 years.

It is the policy of the City of Colorado Springs ("City") to accept maintenance responsibility for all capital improvements within the City, except for certain landscaping improvements specified in the Districts' service plan, upon the Districts' completion and conveyance of such improvements provided they meet the City's specifications.

See independent auditor's report

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of financial 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. Accordingly, the item deferred property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available.

Recoveries

Recoveries represent reimbursements by the City and Colorado Springs Utilities for expenditures previously incurred by the Districts on their behalf.

Interfund balances

The Districts report interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

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 balances for governmental funds are 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:

See independent auditor's report

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (continued)

Fund balance (continued)

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 is 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 governments' highest level of decision-making authority, the boards of directors. The constraint may be removed or changed only through formal action of the boards of directors.

Assigned fund balance - The portion of fund balance that is constrained by the governments' intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the boards 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 Districts' policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	2,224,723
Cash and investments - restricted	<u>6,385,844</u>
 Total cash and investments	 <u><u>\$ 8,610,567</u></u>

See independent auditor's report

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

3. CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2017 consist of the following:

Deposits with financial institutions	\$ 2,224,723
Investments	<u>6,385,844</u>
Total cash and investments	<u>\$ 8,610,567</u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 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, 2017, the District's cash deposits had a bank balance of \$2,239,829 and a carrying balance of \$2,224,423.

Investments

The Districts have not adopted a formal investment policy; however, the Districts follow state statutes regarding investments.

The Districts generally limit their concentration of investments to those with an asterisk below which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Districts are 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 revised statutes limit investment maturities to five years or less unless otherwise formally approved by the boards of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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

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

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 which record their investments at amortized cost.

As of December 31, 2017, the District had the following investments:

Investments	Maturity	Fair Value
Wells Fargo governmental money markets	Weighted average under 60 days	<u>\$ 6,385,844</u>

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4. NOTE RECEIVABLE

During 2005, the Districts entered into an agreement for Payment in Lieu of Taxes ("PILOT Agreement") with a Colorado not-for-profit organization ("Organization") located within the boundaries of District #3. Because the Districts will recover the costs of infrastructure primarily through taxes assessed on property located within District #2 and District #3, and the Organization is exempt from payment of property taxes, the Organization agreed to pay the Districts its share of the Districts' initial infrastructure costs over a 30-year period. The Organization's share of costs was based on estimated infrastructure costs of \$35,989,099 multiplied by the percentage of total property owned by the Organization within the Districts. The Organization issued a non-recourse promissory note ("Promissory Note"), which was based on the property owned by the Organization at the date of the PILOT Agreement plus additional acres the Organization intended to acquire at an assumed purchase date. The PILOT Agreement and the Promissory Note both contained provisions for modification of the Promissory Note if the Organization did not acquire the additional acres at the assumed date. The Organization did acquire the additional acres, but not at the assumed date; as a result, during the year ended December 31, 2008 the Promissory Note was revised.

On March 15, 2012 the PILOT agreement was modified due to the issuance of the Series 2012A and 2012B Bonds. All of the PILOT Agreement payments due and payable in cash on or after April 1, 2013, were pledged to the payments of the Series 2012A and 2012B Bonds and will be used by the Districts for no other purpose except for PILOT Agreement payments permitted to be used for infrastructure improvements.

On August 17, 2015, the PILOT Agreement was modified due to the sale of 19.85 of the 113 acres of land securing the Organization's obligation. This amendment reduced the principal amount of the PILOT agreement by \$592,909, amended the 2005 deed of trust and resulted in new payment terms.

On July 21, 2016, the PILOT Agreement was modified due to the sale of 27.03 of the 93.15 acres of land securing the Organization's obligation. This amendment reduced the principal amount of the PILOT agreement by \$790,752, amended the 2005 deed of trust and resulted in new payment terms.

On July 19, 2017, the PILOT Agreement was modified due to the sale of 28.61 of the 66.12 acres of land securing the Organization's obligation. This amendment reduced the principal amount of the PILOT agreement by \$814,581, amended the 2005 deed of trust and resulted in new payment terms.

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

4. NOTE RECEIVABLE (CONTINUED)

Annual receipts under the note receivable agreement are expected to be as follows as of December 31, 2017:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	100,240	46,639	146,879
2019	43,065	60,491	103,556
2020	45,758	57,798	103,556
2021	48,619	54,937	103,556
2022	51,658	51,898	103,556
2023-2027	310,968	206,812	517,780
2028-2032	421,116	96,664	517,780
2033-2037	46,358	2,898	49,256
Total	<u>\$ 1,067,782</u>	<u>\$ 578,137</u>	<u>\$ 1,645,919</u>

Up to \$1,750,000 of proceeds under the PILOT Agreement may be repaid with infrastructure, the rest have been pledged to service the Series 2012A, 2012B, and 2014C Bonds (see Note 6).

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

5. CAPITAL ASSETS

Capital assets largely consist of completed infrastructure and construction in process of road and bridge improvements, water and wastewater systems, drainage and landscaping. Capital asset activity for the year ended December 31, 2017 is as follows:

	<u>Balance 01/01/17</u>	<u>Additions/ Reclass- ifications</u>	<u>Dispositions Reclass- ifications</u>	<u>Balance 12/31/17</u>
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,722,257	\$ 403,234	\$ -	\$ 2,125,491
Total capital assets, not being depreciated	<u>1,722,257</u>	<u>403,234</u>	<u>-</u>	<u>2,125,491</u>
Capital assets, being depreciated:				
Water and sewer systems	2,611,105	-	-	2,611,105
Roads and drainage	10,263,398	-	-	10,263,398
Total capital assets, being depreciated	<u>12,874,503</u>	<u>-</u>	<u>-</u>	<u>12,874,503</u>
Less: accumulated depreciation	<u>3,235,367</u>	<u>578,446</u>	<u>-</u>	<u>3,813,813</u>
Total capital assets, being depreciated, net	<u>9,639,136</u>	<u>(578,446)</u>	<u>-</u>	<u>9,060,690</u>
Governmental activities capital assets, net	<u>\$ 11,361,393</u>	<u>\$ (175,212)</u>	<u>\$ -</u>	<u>\$ 11,186,181</u>

Depreciation expense for the year ended December 31, 2017 totaled \$578,446.

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
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6. LONG-TERM OBLIGATIONS

Series 2012A Bonds and Series 2012B Series Bonds

During 2012, District #1 issued new bonds to replace the 2005 Series Bonds with the existing bondholder. The bonds were reissued in two separate issuances: the Series 2012A and Series 2012B Bonds for a combined amount of \$30,707,680. The interest rate on the 2012A Bonds is 6.00% and the rate on the Series 2012B Bonds is 7.30%. The Series 2012A Bonds mature on December 1, 2041 and the Series 2012B Bonds mature on December 15, 2041. District #1 were also authorized in this reissue to be able to issue Series C Bonds which District #1 could use to settle the developer advances and other current liabilities. The Series C Bonds were authorized during 2014 as outlined below.

The interest on the Series 2012A and 2012B Bonds will be paid from pledged revenues including property taxes, specific ownership taxes, PILOT Agreement proceeds and facility fees received from District #2 and District #3. The Series 2012B Bonds are subordinate to the 2012A Bonds. The Series 2012A Bonds debt service payments began on June 15, 2012. The Series 2012B Bonds debt service payments are delayed until December 15, 2017 at which time the accrued interest and principal on the Series 2012B Bonds will have accreted to a total of \$36,000,000. Payments of interest and principal for the Series 2012B Bonds will begin in 2018.

Series 2014C Bonds

During 2015, District #1 issued Series C bonds (which were authorized in 2014) of \$6,100,000 for the purpose of reimbursing the Districts' developers. These bonds bear interest at 3.00% per annum. Interest is payable annually beginning December 15, 2015. These bonds mature December 15, 2041.

The interest on Series 2014C Bonds will be paid from the second subordinate pledged revenues including the Funding Agreement and PILOT Agreement proceeds. The Series 2014C bonds are subordinate to both the Series 2012A and Series 2012B Bonds, and payment on the Series 2014C Bonds will not be allowed until Series A and Series B bonds have been fully repaid. Accordingly, these amounts are excluded from the maturity schedule below.

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

6. LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of bonds payable for the year ended December 31, 2017 as follows:

	Balance 01/01/17	Additions	Repayments/ Defeasance	Balance 12/31/17	Due within one year
Series 2012A Bonds	\$ 6,355,000	\$ -	\$ 85,000	\$ 6,270,000	\$ 95,000
Series 2012B Bonds	24,007,680	-	-	24,007,680	-
Series 2012B Bond Accretion	9,543,113	-	(2,449,208)	11,992,321	-
Series 2014C Bonds	5,616,216	-	-	5,616,216	-
	<u>\$ 45,522,009</u>	<u>\$ -</u>	<u>\$ (2,364,208)</u>	<u>\$ 47,886,217</u>	<u>\$ 95,000</u>

Annual requirements to amortize 2012A Series Bonds and 2012B Series Bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2018	95,000	3,004,200	3,099,200
2019	100,000	2,998,500	3,098,500
2020	115,000	2,992,500	3,107,500
2021	120,000	2,985,600	3,105,600
2022	135,000	2,978,400	3,113,400
2023-2027	1,691,934	14,708,585	16,400,519
2028-2032	5,951,510	13,185,145	19,136,655
2033-2037	10,399,437	9,265,795	19,665,232
2038-2041	11,669,799	3,518,294	15,188,093
Total	<u>\$ 30,277,680</u>	<u>\$ 55,637,019</u>	<u>\$ 85,914,699</u>

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

6. LONG-TERM OBLIGATIONS (CONTINUED)

Voters authorized District #1 to incur a maximum of \$484,000,000 of debt. Subsequent to the issuance of the Series 2012A and 2012B bonds, and authorization of the Series 2014C Bonds, District #1 has \$417,372,320 in authorized but unissued debt. District #1s' total debt is limited by their service plans with the City to a maximum of \$60,000,000. As of December 31, 2017, District #1 have an additional \$24,080,000 of approved unissued debt per the service plan. The City has agreed that it will not count the 2012 bonds against the \$60,000,000 service plan limit.

7. NET POSITION

The Districts have a net position consisting of three components: net investments in capital assets, restricted and unrestricted.

The net investments in capital assets component of net position consist of capital assets that are owned by the Districts, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2017, the Districts had net investments in capital assets as follows:

	Government Activities
Net investments in capital assets:	
Capital assets, net	\$ 9,060,690
Outstanding noncurrent obligations	(12,874,503)
Net investments in capital assets	\$ (3,813,813)

Restricted positions include net positions that are subject to restrictions for use either by external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Districts had a restricted net position of as of December 31, 2017 as follows:

	Government Activities
Restricted net position:	
Emergencies (see Note 13)	\$ 18,894
Debt service (see Note 6)	6,395,980
Total restricted net position	\$ 6,414,874

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

7. NET POSITION (CONTINUED)

The Districts' unrestricted net position as of December 31, 2017 totaled a deficit of \$34,219,909. This deficit amount was a result of the Districts' responsibility for the repayment of general obligation bonds related to assets contributed to other governments.

8. INTERGOVERNMENTAL AGREEMENT

In 2005, District #1 entered into an Intergovernmental Agreement and a related Joint Funding Agreement with District #2 and District #3. On March 15, 2012, the Joint Funding Agreement was amended and restated due to the issuance of the Series 2012A Bonds. District #2 and District #3 function as financing Districts. The intent of the agreements is for the Districts to coordinate activities with respect to the financing, construction, operation and maintenance of the public improvements necessary to serve development within District #2 and District #3, which is generally anticipated to consist of residential development in District #2 and commercial development in District #3.

Under the terms of the agreements, District #1 will own and be responsible for managing the financing, construction, operation and maintenance of facilities and improvements within District #2 and District #3. This includes the issuing of revenue bonds payable from tax and other revenues generated by District #2 and District #3 and paid to District #1. It is the obligation of District #2 and District #3 to fully fund the construction, operation and maintenance of these facilities and improvements with such revenues to include facility fees, property taxes and PILOT Agreement revenues.

9. JOINT USE AGREEMENT

In 2005, the Districts entered into a Joint Use Agreement with a local school district to cooperate in the development and ownership of facilities in a park within the boundaries of the Districts. Under the terms of the agreement, the parties may construct certain specific recreational facilities outlined in the agreement within the park; the school district may also request to build additional facilities. Ownership and maintenance of a specific facility will lie with the party authorizing such construction.

10. COMPLETION BOND PAYMENTS

During the year ended December 31, 2017, the District made a payment of \$500,000 toward obligations owed in connection with a previous breach of a completion bond by a developer constructing infrastructure within the District. Subsequent to December 31, 2018, an additional \$182,000 payment was made. This is expected to fully satisfy the District's obligation with respect to this matter.

WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

11. RELATED PARTIES

The Developers of the property which constitutes the Districts are Case International Company, KF 103-CV, LLC and Morley Companies Family Development, LLLP. Certain members of the boards of directors are officers of, employees of, or associated with the developers and may have conflicts of interest in dealing with the Districts.

Developer advances

To continue the development within the Districts, the Districts' developers, under the direction of the boards of directors of the Districts, have made improvements within the Districts. These improvements are reimbursable by the Districts. The Districts have assigned multiple tiers to developer advances to prioritize which items should be repaid first based on relative urgency to the District. The boards of directors intend to authorize the Districts to pay these balances as soon as funds are available. Accordingly, the advances are classified as non-current. The developer advances are unsecured and do not bear interest.

12. RISK MANAGEMENT

The Districts are exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to contractors; or acts of God.

District #1 is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2017. 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 Districts pay annual premiums to the Pool for liability, property 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.

13. 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 within the State of Colorado.

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. The Districts' voters approved a ballot issue allowing the Districts to retain all revenues.

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
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DECEMBER 31, 2017

12. TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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 Districts' management believes the Districts are in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

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SUPPLEMENTARY INFORMATION

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WOODMEN HEIGHTS METROPOLITAN DISTRICT, NOS. 1, 2 & 3
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Charges for services	\$ 1,026,537	\$ 690,985	\$ 866,272	\$ 175,287
Property taxes	967,466	968,110	963,017	(5,093)
Specific ownership taxes	67,723	125,252	131,075	5,823
PILOT income	131,436	65,239	65,239	-
Other income	43,578	43,578	43,578	-
Investment income	-	21,683	21,865	182
Total revenues	2,236,740	1,914,847	2,091,046	176,199
<u>EXPENDITURES</u>				
Bank charges	10,000	10,000	6,000	4,000
Treasurer's and other fees	14,512	14,512	14,450	62
Bond principal	85,000	85,000	85,000	-
Interest expense	381,300	381,300	381,300	-
Contingency	-	2,000	-	2,000
Total expenditures	490,812	492,812	486,750	6,062
Revenues in excess of expenditures	1,745,928	1,422,035	1,604,296	182,261
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in (out) other funds	-	-	193,302	193,302
Total other financing uses	-	-	193,302	193,302
Net change in fund balance	\$ 1,745,928	\$ 1,422,035	\$ 1,797,598	\$ 375,563
Fund balance, beginning of year			4,598,382	
Fund balance, end of year			\$ 6,395,980	

See independent auditor's report.