

**WILLOW BROOK  
METROPOLITAN DISTRICT  
Summit County, Colorado**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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### **Independent Auditor's Report**

Board of Directors  
Willow Brook Metropolitan District  
Summit County, Colorado

#### **Report for the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Willow Brook Metropolitan District (District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Willow Brook Metropolitan District, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
July 19, 2019

## **BASIC FINANCIAL STATEMENTS**

**WILLOW BROOK METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 330,433	\$ 12,979	\$ 343,412
Accounts receivable:			
Customer	2,737	12,532	15,269
County treasurer	1,148	804	1,952
Property taxes receivable	244,682	199,560	444,242
Prepaid expenditures	6,620	-	6,620
Capital assets, not being depreciated	11,760	40,466	52,226
Capital assets, net of accumulated depreciation	75,170	1,246,362	1,321,532
Total assets	<u>672,550</u>	<u>1,512,703</u>	<u>2,185,253</u>
<b>LIABILITIES</b>			
Accounts payable	10,751	21,389	32,140
Deposits	5,000	6,810	11,810
Total liabilities	<u>15,751</u>	<u>28,199</u>	<u>43,950</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	244,682	199,560	444,242
Total deferred inflows of resources	<u>244,682</u>	<u>199,560</u>	<u>444,242</u>
<b>NET POSITION</b>			
Net investment in capital assets	86,930	1,286,828	1,373,758
Restricted for emergencies	6,500	6,700	13,200
Unrestricted	318,687	(8,584)	310,103
Total net position	<u>\$ 412,117</u>	<u>\$ 1,284,944</u>	<u>\$ 1,697,061</u>

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

**WILLOW BROOK METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 248,566	\$ 8,202	\$ 11,272	\$ -	\$ (229,092)	\$ -	\$ (229,092)
	<u>248,566</u>	<u>8,202</u>	<u>11,272</u>	<u>-</u>	<u>(229,092)</u>	<u>-</u>	<u>(229,092)</u>
Business-type activities:							
Water	167,901	53,760	-	23,737	-	(90,404)	(90,404)
	<u>167,901</u>	<u>53,760</u>	<u>-</u>	<u>23,737</u>	<u>-</u>	<u>(90,404)</u>	<u>(90,404)</u>
Total	<u>\$ 416,467</u>	<u>\$ 61,962</u>	<u>\$ 11,272</u>	<u>\$ 23,737</u>	<u>(229,092)</u>	<u>(90,404)</u>	<u>(319,496)</u>
General revenues:							
Taxes:							
					182,753	127,977	310,730
					11,848	8,300	20,148
					258	-	258
					9,436	115	9,551
					101	30	131
					(85,000)	85,000	-
					<u>119,396</u>	<u>221,422</u>	<u>340,818</u>
					(109,696)	131,018	21,322
					521,813	1,153,926	1,675,739
					<u>\$ 412,117</u>	<u>\$ 1,284,944</u>	<u>\$ 1,697,061</u>

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

**WILLOW BROOK METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2018**

	<b>General</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 330,433
Accounts receivable:	
Customer	2,737
County treasurer	1,148
Property taxes receivable	244,682
Prepaid expenditures	6,620
<b>TOTAL ASSETS</b>	<b>\$ 585,620</b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 10,751
Deposits	5,000
<b>TOTAL LIABILITIES</b>	<b>15,751</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	244,682
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>244,682</b>
 <b>FUND BALANCE</b>	
Nonspendable:	
Prepaid expenditures	6,620
Spendable:	
Restricted:	
Emergency reserves	6,500
Assigned and subsequent years expenditures	31,292
Unassigned	280,775
<b>TOTAL FUND BALANCE</b>	<b>325,187</b>
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	86,930
Net position of governmental activities	<b>\$ 412,117</b>

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



**WILLOW BROOK METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**Year Ended December 31, 2018**

	<b>General</b>
<b>REVENUES</b>	
Property taxes	\$ 182,753
Specific ownership taxes	11,848
Conservation trust funds	258
Trash service	7,312
Interest	9,436
Grants and contributions - Wildfire fuel reduction	11,272
Weed program	890
Miscellaneous	101
Total revenues	223,870
<b>EXPENDITURES</b>	
Audit	1,926
County treasurer fees	10,004
District management and accounting	46,897
Election	12,182
Insurance and dues	6,028
Legal	6,358
Miscellaneous	2,270
Repairs and maintenance -	
General	2,726
Gate	457
Irrigation	5,250
Meadow - stable	1,800
Road	64,803
Stable	10,363
Weed	4,995
Well	448
Snow plowing	30,465
Trash removal	7,467
Utilities	10,068
Wildfire fuel reduction	16,850
Total expenditures	241,357
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<b>(17,487)</b>
<b>OTHER FINANCING USES</b>	
Transfer to other funds	(85,000)
Total other financing uses	(85,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(102,487)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	427,674
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 325,187</b>

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

**WILLOW BROOK METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2018**

A reconciliation reflecting the differences between the governmental funds net change in fund balance and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balance - Total governmental funds	<u>\$ (102,487)</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation	<u>(7,209)</u>
Change in net position - governmental activities	<u><u>\$ (109,696)</u></u>

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

**WILLOW BROOK METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2018**

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 199,918	\$ 199,918	\$ 182,753	\$ (17,165)
Specific ownership taxes	10,000	10,000	11,848	1,848
Conservation trust funds	200	200	258	58
Trash service	8,000	8,000	7,312	(688)
Interest	5,600	10,000	9,436	(564)
Grants and contributions - Wildfire fuel reduction	-	-	11,272	11,272
Weed program	1,000	1,000	890	(110)
Miscellaneous	-	3,790	101	(3,689)
Total revenues	<u>224,718</u>	<u>232,908</u>	<u>223,870</u>	<u>(9,038)</u>
<b>EXPENDITURES</b>				
General government:				
Audit	1,300	1,926	1,926	-
County treasurer fees	9,996	10,000	10,004	(4)
District management and accounting	30,000	43,000	46,897	(3,897)
Election	6,000	11,500	12,182	(682)
Insurance and dues	6,500	6,500	6,028	472
Legal	1,500	6,000	6,358	(358)
Miscellaneous	2,500	2,500	2,270	230
Repairs and maintenance:				
General	1,000	2,500	2,726	(226)
Ditch	10,000	10,000	-	10,000
Gate	1,500	4,400	457	3,943
Irrigation	7,250	7,250	5,250	2,000
Meadow - non-stable	2,000	-	-	-
Meadow - stable	-	16,850	1,800	15,050
Parshall flume	5,000	5,000	-	5,000
Road	23,000	25,000	64,803	(39,803)
Stable	15,000	22,500	10,363	12,137
Weeds	6,500	6,500	4,995	1,505
Well	10,000	10,000	448	9,552
Snow plowing	45,000	45,000	30,465	14,535
Trash removal	10,500	10,500	7,467	3,033
Utilities	9,000	10,000	10,068	(68)
Wildfire fuel reduction	9,000	16,850	16,850	-
Emergency reserve	6,742	-	-	-
Capital outlay:				
Road improvements	35,000	45,000	-	45,000
Total expenditures	<u>254,288</u>	<u>318,776</u>	<u>241,357</u>	<u>77,419</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>				
	<u>(29,570)</u>	<u>(85,868)</u>	<u>(17,487)</u>	<u>68,381</u>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	(6,500)	(77,000)	(85,000)	(8,000)
Total other financing uses	<u>(6,500)</u>	<u>(77,000)</u>	<u>(85,000)</u>	<u>(8,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	(36,070)	(162,868)	(102,487)	60,381
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	369,023	365,989	427,674	61,685
<b>FUND BALANCE - END OF YEAR</b>				
	<u>\$ 332,953</u>	<u>\$ 203,121</u>	<u>\$ 325,187</u>	<u>\$ 122,066</u>

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

**WILLOW BROOK METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
December 31, 2018**

	<b>Water</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 12,979
Accounts receivable:	
Customer	12,532
County treasurer	804
Property taxes receivable	199,560
Total current assets	225,875
<b>CAPITAL ASSETS</b>	
Capital assets, not being depreciated	40,466
Capital assets, being depreciated	1,922,859
	1,963,325
Less accumulated depreciation and amortization	(676,497)
Total capital assets	1,286,828
<b>TOTAL ASSETS</b>	<b>\$ 1,512,703</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 21,389
Road fee deposit	6,810
Total current liabilities	28,199
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	199,560
Total deferred inflows of resources	199,560
<b>NET POSITION</b>	
Net investment in capital assets	1,286,828
Restricted for emergencies	6,700
Unrestricted	(8,584)
Total net position	1,284,944
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 1,512,703</b>

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

**WILLOW BROOK METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**Year Ended December 31, 2018**

	<b>Water</b>
<b>OPERATING REVENUES</b>	
Service charges	\$ 53,760
Miscellaneous	30
Total operating revenues	53,790
 <b>OPERATING EXPENSES</b>	
Legal	1,140
Maintenance contract	23,160
Repairs and maintenance	35,402
System evaluation	45,489
Utilities	103
Water billing	3,057
Water testing	1,571
Depreciation	46,792
Total operating expenses	156,714
 <b>OPERATING LOSS</b>	(102,924)
 <b>NONOPERATING REVENUES AND (EXPENSES)</b>	
Property taxes	127,977
Specific ownership taxes	8,300
Interest	115
County treasurer fees	(7,006)
Loss on disposal of capital assets	(4,181)
Total nonoperating revenues (expenses)	125,205
 <b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	22,281
 <b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	
Tap fees	23,737
Transfer from other funds	85,000
Total capital contributions and transfers	108,737
 <b>CHANGE IN NET POSITION</b>	131,018
 <b>NET POSITION - BEGINNING OF YEAR</b>	1,153,926
<b>NET POSITION - END OF YEAR</b>	\$ 1,284,944

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

**WILLOW BROOK METROPOLITAN DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended December 31, 2018**

	<b>Water</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 52,235
Payments to vendors	(138,007)
Net cash used in operating activities	(85,772)
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Property and specific ownership taxes received	148,142
County treasurer fees paid	(7,006)
Tap fees	23,737
Road fee deposit received	6,810
Acquisition of capital assets	(166,039)
Transfer from General Fund	85,000
Net cash provided by capital financing activities	90,644
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	115
Net cash provided by investing activities	115
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,987
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	7,992
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 12,979
<b>RECONCILIATION OF OPERATING LOSS TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	
Net loss from operations	\$ (102,924)
Adjustments to reconcile net loss from operations to net cash used in operating activities:	
Depreciation	46,792
Effects of changes in operating assets and liabilities:	
Accounts receivable	(1,555)
Accounts payable and other liabilities	(28,085)
Net cash used in operating activities	\$ (85,772)

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

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Willow Brook Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Summit County, Colorado. The District was established to provide water, recreation and street maintenance services within its boundaries.

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

**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. For the most part, the effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources 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

**WILLOW BROOK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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, specific ownership taxes and trash service fees. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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, except those required to be accounted for in another fund.



**WILLOW BROOK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

The District reports the following major proprietary fund:

The Water Fund accounts for the water operations that are financed and operated in a manner where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The District accounts for capital purchases in a Capital Projects Fund which is combined with the Water Fund for financial reporting purposes.

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

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

**Budgets**

In accordance with the Local Government Budget Law of Colorado, 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.

For District management purposes, the District adopts budgets for the General Fund, Capital Projects Fund and the Water Fund. However, for financial reporting purposes the Capital Projects Fund is combined into the Water Fund as the capital projects are related to water operations. The Water Fund appropriation of \$189,500 for financial reporting purposes is comprised of adopted budget amounts of \$147,000 for the Capital Projects Fund and \$42,500 for the Water Fund.

For the year ended December 31, 2018, supplementary appropriations approved by the District's board of directors modified the appropriation for the General Fund from \$260,788 to \$395,776. In addition, supplementary appropriations approved by the District's board of directors modified the appropriation for the Water Fund for financial reporting purposes from \$189,500 to \$335,332, comprised of modified appropriation for District reporting purposes for the Capital Projects Fund from \$147,000 to \$278,507 and modified appropriation for the Water Fund from \$42,500 to \$56,825.

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Pooled Cash and Investments**

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

**Customer Accounts Receivable**

Due to the broad powers of collection, no allowance for uncollectible customer accounts receivable has been reported.

**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 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the District.

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

**Capital Assets**

Capital assets, which include land, water rights, road improvements, bridge improvements, buildings and improvements and water system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of water rights includes acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

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 capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Road improvements	5 years
Buildings and improvements	10 – 30 years
Bridge improvements	30 years
Water system and equipment	3 – 40 years

**Tap Fees and Contributed Lines**

Tap fees are recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at estimated fair market value when received.

**Fund Balances - Governmental Funds**

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance - the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance - the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District board of directors delegates the authority.

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the District board of directors has provided otherwise in its commitment or assignment actions.

**NOTE 3 - CASH AND INVESTMENTS**

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

Cash and investments	<u>\$ 343,412</u>
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Cash and investments as of December 31, 2018 consist of the following:

Deposits with financial institutions	\$ 7,956
Investments	<u>335,456</u>
	<u>\$ 343,412</u>

**Deposits with Financial Institutions**

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

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

At December 31, 2018, the District's cash deposits had a bank balance of \$21,169 and carrying balance of \$7,956.

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Credit Risk**

**Investments**

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

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

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

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

At December 31, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	<u>\$ 335,456</u>

**WILLOW BROOK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Colotrust**

During 2018, the District invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. As of December 31, 2018, the District had \$335,456 invested in COLOTRUST PLUS+ in the name of the District. Colotrust is rated AAAM by S&P Global Ratings.

**Investment Valuation**

Certain investments that are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

However, the District's investments are not measured at fair value and are therefore not categorized within the fair value hierarchy. These investments include 2a7-like external investment pools. The District is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 - CAPITAL ASSETS**

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

Depreciation of the governmental activities is charged to the general government function/program.

<b>Governmental activities:</b>	<b>Balance at December 31, 2017</b>	<b>Additions</b>	<b>Disposals/ Retirements</b>	<b>Balance at December 31, 2018</b>
Capital assets, not being depreciated:				
Land	\$ 11,760	\$ -	\$ -	\$ 11,760
Total capital assets, not being depreciated	<u>11,760</u>	<u>-</u>	<u>-</u>	<u>11,760</u>
Capital assets, being depreciated:				
Road improvements	114,147	-	-	114,147
Bridge improvements	77,674	-	-	77,674
Buildings and improvements	165,243	-	-	165,243
Total capital assets being depreciated	<u>357,064</u>	<u>-</u>	<u>-</u>	<u>357,064</u>
Less accumulated depreciation for:				
Road improvements	(114,147)	-	-	(114,147)
Bridge improvements	(14,240)	(2,589)	-	(16,829)
Buildings and improvements	(146,298)	(4,620)	-	(150,918)
Total accumulated depreciation	<u>(274,685)</u>	<u>(7,209)</u>	<u>-</u>	<u>(281,894)</u>
Total capital assets being depreciated, net	<u>82,379</u>	<u>(7,209)</u>	<u>-</u>	<u>75,170</u>
Total capital assets, net	<u>\$ 94,139</u>	<u>\$ (7,209)</u>	<u>\$ -</u>	<u>\$ 86,930</u>

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation of the business-type activities is charged to the water function/program.

<b>Business-type activities:</b>	<b>Balance at December 31, 2017</b>	<b>Additions</b>	<b>Disposals/ Retirements</b>	<b>Balance at December 31, 2018</b>
Capital assets, not being depreciated:				
Water rights	\$ 40,466	\$ -	\$ -	\$ 40,466
Total capital assets, not being depreciated	40,466	-	-	40,466
Capital assets, being depreciated:				
Water system	1,791,054	166,039	(34,234)	1,922,859
Total capital assets being depreciated	1,791,054	166,039	(34,234)	1,922,859
Less accumulated depreciation for:				
Water system	(659,758)	(46,792)	30,053	(676,497)
Total accumulated depreciation	(659,758)	(46,792)	30,053	(676,497)
Total capital assets being depreciated, net	1,131,296	119,247	(4,181)	1,246,362
Total capital assets, net	<u>\$ 1,171,762</u>	<u>\$ 119,247</u>	<u>\$ (4,181)</u>	<u>\$ 1,286,828</u>

**NOTE 5 – INTERGOVERNMENTAL AGREEMENT**

**Town of Silverthorne**

On June 1, 1995, the District entered into an intergovernmental agreement to purchase treated water from the Town of Silverthorne (the Town). The District agreed to purchase 28 water taps for original residences at a cost of \$2,800 per tap totaling \$78,400. The final payment was made in 1999. Any future water taps purchased will be charged at the Town's existing published rates for Town residents. The District has built the connection to the Town's water system, including a master meter and will purchase water necessary to supplement the District's supply. The District is responsible for reading customer meters within the District and billing customers for water used. The District will be charged at the rate of 1-1/2 times the rate for the Town's residents and will be billed by the Town quarterly for each quarter of the calendar year during which water is actually delivered to the District.



**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 6 – FUND EQUITY**

At December 31, 2018, the District reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$6,620 is comprised of prepaid amounts which are not in spendable form.

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$6,500 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

**Assigned Fund Balance**

The assigned fund balance in the General Fund in the amount of \$31,292 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year’s budget.

**NOTE 7 - NET POSITION**

The District’s net position consists of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets, net of accumulated depreciation. As of December 31, 2018, the District had net investment in capital assets of \$1,373,758, comprised of \$86,930 in the governmental activities and \$1,286,828 in the business-type activities.

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Restricted net position:			
Emergency reserves (see Note 9)	\$ 6,500	\$ 6,700	\$ 13,200
	\$ 6,500	\$ 6,700	\$ 13,200

**WILLOW BROOK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 7 - NET POSITION (CONTINUED)**

In the government-wide financial statements, the District's unrestricted net position at December 31, 2018 totaled \$310,103, comprised of \$318,687 in the governmental activities and (\$8,584) in the business-type activities.

**NOTE 8 - RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be 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.

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

**NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS**

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

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

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.

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

On November 7, 1996, the eligible electors of the District authorized the District to: (1) collect in fiscal year 1996 and subsequent fiscal years thereafter additional property tax revenue from its mill levy, without an increase in the rate thereof, and from specific ownership taxes, interest income, and any other income of the District in excess of the rate of inflation in the prior calendar year plus annual local growth, and in excess of 105.5 percent of the property tax revenue of the District collected in the respective prior fiscal year for general operating and maintenance expenditures; and (2) implement and increase in fiscal year spending greater than the rate of inflation in the respective prior calendar year plus annual local growth, as described in (1).

On May 4, 2010, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District taxes be increased \$140,000 annually commencing in 2010, and by whatever amount of revenue is generated annually in 2011 and every year thereafter until 2021, by the imposition of a capital expenditures mill levy of 17.474 mills (which levy shall be in addition to any other mill levy imposed by the District) said levy to be adjusted up or down to account for any general reassessment of taxable property valuations by Summit County or legislative or constitutional changes in the method or percentage for calculating District assessed values, and in each year imposed at a rate determined by the board of directors of the District within such limitations; and shall the proceeds from such mill levy be allocated and restricted so that the proceeds shall be budgeted and spent solely to pay the costs of such water system improvements, repairs, replacements, extensions, additions and acquisitions (including the repayment of any debt issued to pay said costs, and including appurtenant land and easements) as the board deems necessary or proper; and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue changes and be collected and spent by the District each year, without limiting or affecting the collection or expenditure of other revenues, and without regard to any spending, revenue-raising, tax reduction or other limitation contained within Article X, Section 20 of the Colorado Constitution, Section 29-1-301, Colorado Revised Statutes, or any other applicable law?

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

On May 8, 2012, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District taxes be increased \$210,000 annually in 2012 (representing total income of \$210,000 bringing the District back to 2012 collections), and by that amount plus inflation and local growth in every year thereafter, or by such lesser annual amount as may be necessary to pay the District's operations, maintenance, and other expenses; such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the District Board, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be determined by the District Board; and shall the proceeds of such taxes and investment income thereon constitute a voter-approved revenue change in 2014 and each year thereafter and be collected and spent by the District each year, without limiting or affecting the collection or expenditure of other revenues and without regard to any spending, revenue-raising, tax reduction or other limitation contained within Article X, Section 20 of the Colorado Constitution, Section 29-1-301, Colorado Revised Statutes, or any other applicable law?

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

On November 6, 2018, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District debt be increased \$1,750,000, with a repayment cost of \$3,950,000; and shall Willow Brook Metropolitan District taxes be increased \$200,000 annually, or by such lesser annual amount as may be necessary to pay the district's debt: such debt to consist of general obligation bonds, special assessment bonds, revenue bonds, or other obligations, including contracts, issued or incurred for the purpose of paying, reimbursing, or financing all or any part of the costs of acquiring, constructing, relocating, installing, completing, repairing, replacing and otherwise providing, within or without the boundaries of the district, a complete potable and non-potable water supply, storage, transmission, and distribution system, including but not limited to transmission lines, distribution mains and laterals, irrigation facilities, and storage facilities, together with all necessary, incidental, and appurtenant facilities, equipment, land, and easements, and extensions of and improvements to said facilities, such debt to bear interest at a net effective interest rate not in excess of 10% per annum, such interest to be payable at such time or times and which may compound periodically as may be determined by the district board of directors, such debt to be sold in one series or more at a price above, below, or equal to the principal amount of such debt and on such terms and conditions as the district board of directors may determine, including provisions for redemption of the debt prior to maturity with or without payment of premium in an amount determined by the district board of directors, such debt to be paid from any legally available moneys of the district, including but not limited to the proceeds of ad valorem property taxes, specific ownership taxes and special assessments; such taxes to consist of an ad valorem mill levy imposed on all taxable property of the district, without limitation of rate or with such limitations as may be determined by the district board of directors, specific ownership taxes and special assessments, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used solely for the purpose of paying the principal of, premium if any, and interest on the district's debt; and shall the proceeds of any such debt and the proceeds of such taxes, any other revenue used to pay such debt, and investment income thereon, be collected and spent by the district as a voter-approved revenue change, and be collected and spent by the district each year, without limiting or affecting the collection or expenditure of other revenues, and without regard to any spending, revenue-raising, tax reduction or other limitation contained within article x, section 20 of the Colorado constitution, section 29-1-301, Colorado revised statutes, or any other applicable law?

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

On November 6, 2018, the eligible electors of the District approved the following ballot measure:

Shall Willow Brook Metropolitan District debt be increased \$550,000, with a repayment cost of \$1,500,000; and shall Willow Brook Metropolitan District taxes be increased \$100,000 annually, or by such lesser annual amount as may be necessary to pay the district's debt: such debt to consist of general obligation bonds, special assessment bonds, revenue bonds, or other obligations, including contracts, issued or incurred for the purpose of paying, reimbursing, or financing all or any part of the costs of acquiring, constructing, relocating, installing, completing, repairing, replacing and otherwise providing, within or without the boundaries of the district, street improvements including but not limited to curbs, gutters, culverts, other drainage facilities, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements, together with all necessary, incidental, and appurtenant facilities, equipment, land, and easements, and extensions of and improvements to said facilities, such debt to bear interest at a net effective interest rate not in excess of 10% per annum, such interest to be payable at such time or times and which may compound periodically as may be determined by the district board of directors, such debt to be sold in one series or more at a price above, below, or equal to the principal amount of such debt and on such terms and conditions as the district board of directors may determine, including provisions for redemption of the debt prior to maturity with or without payment of premium in an amount determined by the district board of directors, such debt to be paid from any legally available moneys of the district, including but not limited to the proceeds of ad valorem property taxes, specific ownership taxes and special assessments; such taxes to consist of an ad valorem mill levy imposed on all taxable property of the district, without limitation of rate or with such limitations as may be determined by the district board of directors, specific ownership taxes and special assessments, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used solely for the purpose of paying the principal of, premium if any, and interest on the district's debt; and shall the proceeds of any such debt and the proceeds of such taxes, any other revenue used to pay such debt, and investment income thereon, be collected and spent by the district as a voter-approved revenue change, and be collected and spent by the district each year, without limiting or affecting the collection or expenditure of other revenues, and without regard to any spending, revenue-raising, tax reduction or other limitation contained within article x, section 20 of the Colorado constitution, section 29-1-301, Colorado revised statutes, or any other applicable law?

**WILLOW BROOK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

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

**NOTE 10 – SUBSEQUENT EVENT**

On April 19, 2019 the District entered into a loan in the amount of \$1,750,000 with Colorado Water Resources and Power Development Authority (“Loan”). The Loan is for a term of 20 years at an interest rate of 2.5%. The proceeds from the Loan are to be used to make improvements to the District’s water system. Principal and interest on the Loan is payable semi-annually in May and November each year.

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**



**WILLOW BROOK METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN**  
**FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**WATER FUND**  
**Year Ended December 31, 2018**

	Budget Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 139,997	\$ 139,997	\$ 127,977	\$ (12,020)
Specific ownership taxes	8,429	8,429	8,300	(129)
Service charges	38,000	52,000	53,760	1,760
Tap fees	-	30,547	23,737	(6,810)
Interest	100	100	115	15
Miscellaneous	-	-	30	30
Total revenues	<u>186,526</u>	<u>231,073</u>	<u>213,919</u>	<u>(17,154)</u>
<b>EXPENDITURES</b>				
County treasurer fees	7,000	7,007	7,006	1
Legal	500	1,500	1,140	360
Maintenance contract	24,000	24,000	23,160	840
Repairs and maintenance	3,000	7,000	35,402	(28,402)
System evaluation	-	45,500	45,489	11
Utilities	7,800	125	103	22
Water billing	1,200	4,000	3,057	943
Water testing	1,000	1,200	1,571	(371)
Water system improvements	145,000	245,000	166,039	78,961
Total expenditures	<u>189,500</u>	<u>335,332</u>	<u>282,967</u>	<u>52,365</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>(2,974)</u>	<u>(104,259)</u>	<u>(69,048)</u>	<u>35,211</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from other funds	6,500	77,000	85,000	8,000
Total other financing sources	<u>6,500</u>	<u>77,000</u>	<u>85,000</u>	<u>8,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,526	(27,259)	15,952	43,211
<b>FUNDS AVAILABLE - BEGINNING OF YEAR</b>	<u>(2,373)</u>	<u>57,870</u>	<u>(17,836)</u>	<u>(75,706)</u>
<b>FUNDS AVAILABLE - END OF YEAR</b>	<u>\$ 1,153</u>	<u>\$ 30,611</u>	<u>\$ (1,884)</u>	<u>\$ (32,495)</u>

Funds available is computed as follows:

Current assets	\$ 225,875
Current liabilities and deferred inflows of resources	<u>(227,759)</u>
	<u>\$ (1,884)</u>

**WILLOW BROOK METROPOLITAN DISTRICT  
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF  
REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION  
PROPRIETARY FUND  
Year Ended December 31, 2018**

Revenues (budgetary basis) and per Statement of Revenues, Expenses and Change in Fund Net Postion		\$ 298,919
Expenditures (budgetary basis)		282,967
Depreciation		46,792
Capital outlay - water system improvements		(166,039)
Loss on disposition of assets		4,181
Expenses per Statement of Revenues, Expenses and Change in Fund Net Position		167,901
 Change in Net Position per Statement of Revenues, Expenses and Change in Fund Net Position		 \$ 131,018

**OTHER INFORMATION**

**WILLOWBROOK METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED  
December 31, 2018**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2014	\$ 5,022,940	61.717	\$ 310,001	\$ 310,000	100.00%
2015	\$ 5,006,590	62.130	\$ 311,059	\$ 311,061	100.00%
2016	\$ 5,500,670	61.840	\$ 340,161	\$ 340,163	100.00%
2017	\$ 5,504,220	61.840	\$ 340,381	\$ 369,565	108.57%
2018	\$ 5,447,350	62.400	\$ 339,915	\$ 310,730	91.41%
Estimated for the year ending December 31, 2019	\$ 5,425,330	81.883	\$ 444,242		

**NOTE:**

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