

SWEETGRASS METROPOLITAN DISTRICT NO. 1
Dacono, Colorado

FINANCIAL STATEMENTS
December 31, 2015

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS	III
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Fund	3
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position.....	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	6
Notes to Financial Statements	7
REQUIRED SUPPLEMENTARY INFORMATION	17
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.....	18
SECONDARY MARKET FINANCIAL INFORMATION – UNAUDITED	19
History of District's Mill Levy	20
2015 Assessed Valuation of Classes of Property in the District	21
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	22
Largest Taxpayers in the District.....	23
Overlapping Mill Levies by Taxing Entities.....	24



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sweetgrass Metropolitan District No. 1
Dacono, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Sweetgrass Metropolitan District No. 1, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Sweetgrass Metropolitan District No. 1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Sweetgrass Metropolitan District No. 1 as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



An independent member of Nexia International

Emphasis of Matter

As discussed in Note 6, the District holds a Bond Anticipation Notes (BAN) which matured at December 14, 2015. At the date of this report, the District has the ability to consummate the outstanding BAN's in accordance with the GASB No. 62, Paragraph 39, by entering into a financing agreement with the Developer on February 3, 2016. Based on this ability, the District has excluded this BAN from current liabilities as of December 31, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The secondary market financial information 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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The Management's Discussion and Analysis (MD & A) should be read in conjunction with the District's financial statements.

Financial Highlights

- The net position of the District decreased by \$63,376 in 2015 to \$(1,896,044). An overall net deficit is typical in a metropolitan district, which transfers its capital assets to another government entity (city, town, etc.) after construction is complete but retains the related debt in the district until it is paid off.
- Budgeted expenditures exceeded actual expenditures by \$1,501,975.
- The District has two bond anticipation notes outstanding, the 2010 BAN held by Dacono Properties, which matured in December 2015 and the 2010 BAN held by Sweetgrass Investors, which matured in December 2015.
- Capital assets increased by \$546,165 in 2015, as new capital outlay exceeded conveyances to the City of Dacono by that amount.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements, presented on pages 1-16 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves, presented on page 18.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's basic financial statements a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets, liabilities and deferred outflows and inflows of resources. The difference is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period. The government-wide financial statements consolidate governmental activities that are supported from taxes and intergovernmental revenues. Governmental activities consolidate governmental funds including the general fund. The government-wide financial statements can be found on pages 1-2.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for special objectives. The District uses governmental funds to account for its activity.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliations are provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

All of the District's activities are reported in a single governmental fund, the general fund, which focuses on how money flows into and out of that fund and the balance left at year-end available for spending in future periods.

The District adopts an annual budget for the governmental fund. A budgetary comparison schedule for the general fund is included in the required supplementary information.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 7-16 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the District's budgetary comparisons, and other secondary market information (unaudited). Required supplementary information can be found on page 18 of this report, and secondary market information can be found on pages 19-24 of this report.

Government-wide Financial Analysis

Government-wide Net Position

The assets of the District are classified as current assets and capital assets. Cash and investments are current assets. These assets are available to provide resources for the near-term operations of the District.

Capital assets are used in the operations of the District. These assets represent the construction in progress of the District. Capital assets increased by \$546,165 during the current year. No capital assets were conveyed to the City of Dacono.

Current and noncurrent liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable and current portion of long-term debt. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2016.

The liabilities of the primary government activities exceed assets by \$1,896,044, with an unrestricted net position of \$(1,896,200). The District has \$156 restricted for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado.

Government-wide Total Assets as compared to Total Liabilities, Deferred Inflows of Resources and Total Net Position:

	Net Position	
	2015	2014
Assets:		
Current	\$ 1,714,113	\$ 468,679
Construction in progress	1,360,541	814,376
Total assets	<u>3,074,654</u>	<u>1,283,055</u>
Liabilities:		
Current	356,903	2,004,624
Noncurrent	4,613,085	1,108,587
Total liabilities	<u>4,969,988</u>	<u>3,113,211</u>
Deferred inflows of resources:		
Property tax revenue	710	2,512
Total deferred inflows of resources	<u>710</u>	<u>2,512</u>
Net position:		
Restricted	156	75
Unrestricted (deficit)	<u>(1,896,200)</u>	<u>(1,832,743)</u>
Total net position	<u>\$ (1,896,044)</u>	<u>\$ (1,832,668)</u>

Government-wide Activities

All of the District's programs and services are reported as governmental activities. Government activities decreased net position of the District by \$63,376. The details of this decrease are shown in the following schedule:

The District's Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Revenues:		
General revenue:		
Property taxes	\$ 3,341	\$ 999
Specific ownership taxes	168	84
Investment income	1,685	1,418
Intergovernmental revenue	<u>160,000</u>	<u>270,544</u>
Total revenue	<u>165,194</u>	<u>273,045</u>
Expenses:		
Governmental activities:		
General government	86,198	62,922
Interest and other fiscal charges	<u>142,372</u>	<u>150,560</u>
Total expense	<u>228,570</u>	<u>213,482</u>
Total change in net position	(63,376)	59,563
Net position - Beginning of year	<u>(1,832,668)</u>	<u>(1,892,231)</u>
Net position - End of year	<u>\$ (1,896,044)</u>	<u>\$ (1,832,668)</u>

Key elements of the decreases in net position for governmental activities are as follows:

- Intergovernmental revenues decreased by \$110,544 because of lower than expected capital spending in the District.
- General governmental expenses increased by \$15,088 because of increased operating activities in the District.

Business-type activities are comprised of services that would be provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District does not have any business-type activities.

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine where there are more or fewer financial resources that can be spent in the near future. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's one governmental fund, the general fund, reported an ending fund balance of \$1,708,375. The District has an unassigned fund balance of \$4,414. Fund balance of \$1,700,763 is restricted for emergencies and capital projects. The non-spendable portion is related to prepaid insurance of \$3,198.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Actual expenditures of the general fund amounted to \$632,363. Total general fund balance represents 270.2% of expenditures.

General Fund Budgetary Highlights

The fund balance for the general fund increased by \$1,362,368 resulting in an ending fund balance of \$1,708,375. Budgeted revenue exceeded actual revenue by \$162,982. Actual expenditures were below Budgeted expenditures by \$1,501,975, principally due to capital expenditures being lower than expected.

Economic Factors and Next Year's Budgets and Rates

- Capital expenditures are expected to increase in 2016.
- The assessed valuation of property in District No. 2 increased by \$362,690 from prior year. This translates to an additional \$18,135 in ad valorem tax revenue for District No. 1. This increase in revenue will allow the District to better fund its projected capital expenditures.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information shall be addressed to:

Sweetgrass Metropolitan District No. 1
Mr. Steve Rane
2500 Arapahoe, Suite 220
Boulder, Colorado 80302

BASIC FINANCIAL STATEMENTS

SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,710,205
Property tax receivable	710
Prepaid expenses	3,198
Construction in process	<u>1,360,541</u>
TOTAL ASSETS	<u>3,074,654</u>
LIABILITIES	
Current liabilities due in less than one year:	
Accounts payable and retainage payable	5,028
Accrued interest payable	351,875
Noncurrent liabilities due in more than one year:	
Bond anticipation notes	1,674,961
Developer advances	<u>2,938,124</u>
TOTAL LIABILITIES	<u>4,969,988</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	<u>710</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>710</u>
NET POSITION	
Restricted for:	
Emergencies	156
Unrestricted (deficit)	<u>(1,896,200)</u>
TOTAL NET POSITION	<u>\$ (1,896,044)</u>

The accompanying notes are an integral part of the financial statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Governmental Activities</u>
Governmental activities:			
General government	\$ 86,198	\$ -	\$ (86,198)
Interest and related costs on long-term debt	<u>142,372</u>	<u>-</u>	<u>(142,372)</u>
	<u>\$ 228,570</u>	<u>\$ -</u>	<u>(228,570)</u>
General revenues:			
			3,341
Property taxes			168
Specific ownership taxes			1,685
Net investment income			
Intergovernmental revenue - Districts No. 2 and No. 3			<u>160,000</u>
Total general revenues			<u>165,194</u>
Change in net position			(63,376)
Net position - Beginning of year			<u>(1,832,668)</u>
Net position - End of year			<u>\$ (1,896,044)</u>

The accompanying notes are an integral part of the financial statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2015**

	General Fund
ASSETS	
Cash and investments	\$ 1,710,205
Property tax receivable	710
Prepaid expenses	3,198
Total assets	\$ 1,714,113
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable and retainage payable	\$ 5,028
Total liabilities	5,028
 DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	710
Total deferred inflows of resources	710
 FUND BALANCE	
Fund balance	
Non-spendable	3,198
Restricted for emergencies	156
Restricted for capital projects	1,700,607
Unassigned	4,414
Total fund balance	1,708,375
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
	\$ 1,714,113

The accompanying notes are an integral part of the financial statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
December 31, 2015**

Total fund balance - Total governmental fund \$ 1,708,375

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

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

Capital assets, not being depreciated 1,360,541

Some liabilities are not due in the current period and, therefore, are not reported in the fund balance sheet:

Bond anticipation notes payable (1,674,961)

Developer advances (2,938,124)

Accrued interest payable (351,875)

(4,964,960)

Net position of governmental activities \$ (1,896,044)

The accompanying notes are an integral part of the financial statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended December 31, 2015**

	General Fund
REVENUES	
Property taxes	\$ 3,341
Specific ownership taxes	168
Net investment income	1,685
Intergovernmental - Sweetgrass	
Metropolitan District No. 2 and No. 3	160,000
Total revenues	165,194
EXPENDITURES	
Current	
Treasurer and Director Fees	150
Accounting	29,709
Audit	10,000
Insurance	2,576
Legal	17,777
LC Fees	2,808
Other	2,762
Intergovernmental - Sweetgrass	
Metropolitan Districts No. 2 and No. 3	20,416
Capital outlay	546,165
Total expenditures	632,363
(DEFICIENCY) OF REVENUE OVER EXPENDITURES	(467,169)
OTHER FINANCING SOURCES	
Developer Advance	1,829,537
Total other financing sources	1,829,537
NET CHANGE IN FUND BALANCES	1,362,368
FUND BALANCE - BEGINNING OF YEAR	346,007
FUND BALANCE - END OF YEAR	\$ 1,708,375

The accompanying notes are an integral part of the financial statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2015**

Net change in fund balance - Total governmental fund \$ 1,362,368

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

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

Capital outlay 546,165

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

Proceeds from developer advances (1,829,537)

The change in accrued interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.

(142,372)

Change in net position of governmental activities **\$ (63,376)**

The accompanying notes are an integral part of the financial statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - DEFINITION OF REPORTING ENTITY

Sweetgrass Metropolitan District No. 1 (District) is a quasi-municipal corporation located within the city limits of the City of Dacono (Dacono), Colorado created by election in November 2001. The District and Dacono have entered into an Intergovernmental Agreement as required by the Dacono Code, which implemented the District Service Plan and limited certain District statutory powers. The District is governed pursuant to provisions of the Colorado Special District Act to finance construction, operation and maintenance of the facilities located within the Sweetgrass Metropolitan Districts No. 1, No. 2, and No. 3.

The District was organized concurrently with Sweetgrass Metropolitan District No. 2 (District No. 2) and Sweetgrass Metropolitan District No. 3 (District No. 3). The District has the power to provide water, sanitation, storm drainage, streets, traffic and safety controls, and park and recreation improvements and other related improvements for the benefit of taxpayers and service users within the Districts' boundaries. The Service Plan requires the District to convey the constructed improvements to Dacono or the HOA for ownership and maintenance.

Sweetgrass Metropolitan District No. 1 is intended to serve as the "operating district" while Sweetgrass Metropolitan Districts No. 2 and No. 3 are intended to serve as the "financing districts". The operating district is responsible for providing the day-to-day operations and administrative management of all three of the Districts. The operating district is economically dependent on developer advances and in future years will be economically dependent upon intergovernmental revenue received from the financing districts.

The District has no employees and all services are contracted.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 2, District No. 3, and Dacono.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District is responsible for the repayment of bonds issued for the purpose of constructing infrastructure improvements, which will be conveyed to Dacono. The funds generated through the issuance of the bonds have been transferred from District No. 2 to District No. 1 for that purpose. Consequently, a deficit balance is reflected on the District's Statement of Net Position.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are intergovernmental revenue and property taxes. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The adopted budgets for the General Fund, Capital Projects Fund and Debt Service Fund have been consolidated and reflected as the General Fund budget for financial reporting purposes.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

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

Fund Balance

As of December 31, 2015, fund balances of governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. This includes amounts that are not expected to be converted to cash, for example, prepaid amounts.

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

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

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Restricted Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10). \$156 of the General Fund balance has been restricted in compliance with this requirement.

The District has a balance of \$1,700,607 in cash held in escrow, which is considered restricted fund balance for capital outlay payments.

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2015 consist of the following:

Cash deposits	\$ 6,123
Cash held in escrow	1,700,607
Investments	<u>3,475</u>
	<u>\$ 1,710,205</u>

Cash Deposits

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

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

The District's cash deposits were covered under PDPA and not subject to custodial credit risk. At December 31, 2015, the District's cash deposits had a carrying balance of \$1,706,730.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

As of December 31, 2015, the District had the following investments:

Investment	Maturity	Fair Value
*Colorado Surplus Asset Fund Trust	Less than one year	<u>\$ 3,475</u>

Colorado Surplus Asset Trust Fund

As of December 31, 2015, the District had invested \$3,475 in the Colorado Surplus Asset Fund Trust, 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 the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust is rated AAAM by Standard & Poor's.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - CONSTRUCTION IN PROCESS

An analysis of the changes in construction in progress for the year ended December 31, 2015 follows:

<u>By Classification</u>	<u>Balance at January 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2015</u>
Construction in progress	\$ 814,376	\$ 546,165	\$ -	\$ 1,360,541

It is the policy of the City of Dacono to accept the maintenance responsibility for water, sanitation, traffic and safety controls, park and recreation improvements (except for a pool and associated landscaping), mosquito and pest control, transportation and other related improvements within Dacono only after a probationary period following completion of construction. When the improvements enter the probationary period, the District removes the cost of construction from its statement of net position.

NOTE 5 - RELATED PARTY

Two of the three members of the Board of Directors are employees or are associated with Bellock Construction Company, construction manager and accountants for the District, Dacono Properties LLC, the developer within the District and Sweetgrass Investors, LLC, holders of some of the District's outstanding debt. During 2015, Districts No. 1, No. 2, and No. 3 had the same Board of Directors (see Note 8).

Construction Management Agreement

A construction management agreement was entered into during 2004 between the District and Bellock Construction Company. The agreement calls for Bellock Construction Company to provide management services for all activities related to construction projects to be completed within Sweetgrass Metropolitan Districts No. 1 and No. 2. The agreement expires on December 31 of each year, but is automatically extended for a successive annual period so long as sufficient funds have been appropriated, unless contrary action is taken.

Amounts paid to Bellock Construction Company during 2015 for construction and construction management were \$30,219 and \$26,416, respectively.

Accounting Services Agreement

An accounting services contract was entered into with Bellock Construction Company on March 25, 2004. Under this agreement, accounting services are provided to both District No. 1 and District No. 2 at the hourly rates of Bellock Construction Company employees. During 2015, the District incurred accounting services fees in the amount of \$29,709.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - LONG-TERM OBLIGATIONS

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015	Due Within One Year
Developer advances	\$ 998,587	\$ 1,829,537	\$ -	\$ 2,828,124	\$ -
Landowner advance	110,000	-	-	110,000	-
Dacono Properties, LLC					
2005 Bond Anticipation Notes	1,052,411	-	-	1,052,411	-
Sweetgrass Investors, LLC					
2005 Bond Anticipation Notes	622,550	-	-	622,550	-
Accrued interest	209,503	142,372	-	351,875	351,875
	<u>\$ 2,993,051</u>	<u>\$ 1,971,909</u>	<u>\$ -</u>	<u>\$ 4,964,960</u>	<u>\$ 351,875</u>

The District's service plan limits its maximum mill levy to 50 mills.

Bond Anticipation Notes - Dacono Properties LLC. In December 2005, the District issued a subordinate note to Dacono Properties LLC for amounts previously advanced to the District by Dacono Properties LLC for Capital Costs. The note was authorized to be issued at \$2,914,273; however, the total advances from the developer were \$2,819,579. The Bond Anticipation Note (BAN) shall incur interest payable on April 1, July 1, October 1, and January 1, starting on April 1, 2006 at an interest rate of 8.5% per annum. On December 15, 2010, the District amended the terms of the BAN to extend the maturity date. The outstanding principal balance at the date of amendment was \$1,052,411. Interest will accrue according to the original terms of the agreement as stated above. During 2015, the District incurred \$89,455 in interest expense related to the BAN. The District did not make any payments on accrued interest in 2015. In accordance with the terms of the BAN agreement, the mill levy may not exceed 50 mills for repayment of the BAN. The repayment of the BAN is subordinate in all respects to repayment of any outstanding Senior Notes or Senior Debt of the District. The repayment of the BAN principal and accrued interest is payable in immediately available funds upon presentation and surrender of this BAN at its maturity, December 14, 2015. The District has the ability to consummate the outstanding Note in accordance with GASB No. 62, Paragraph 39 by entering into a financing agreement with the Developer on February 25, 2016. Based on this ability, the District has excluded the Note from current liabilities as of December 31, 2015.

Bond Anticipation Note - Sweetgrass Investors LLC. In December 2005, the District authorized the issuance of a subordinate note in aggregate principal amount of \$498,851 to be issued to Sweetgrass Investors, LLC for an amount previously advanced to the District by Sweetgrass Investors, LLC for Capital Costs. The note was authorized to be issued at \$498,851; however, the total advances from the developer were at \$482,339. The BAN shall incur interest payable on April 1, July 1, October 1, and January 1, starting on April 1, 2006 at an interest rate of 8.5% per annum. On December 15, 2010, the District amended the 2005 BAN, at which time the total outstanding interest of \$140,211 was added to the principal balance. The new principal balance is \$622,550 with interest accruing according to the original terms of the agreement. The maturity date of the amended BAN is December 14, 2015.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

The District has the ability to consummate the outstanding Note in accordance with GASB No. 62, Paragraph 39 by entering into a financing agreement with the Developer on February 25, 2016. Based on this ability, the District has excluded the Note from current liabilities as of December 31, 2015. During 2015, the District incurred \$52,917 in interest expense related to the BAN. In accordance with the terms of the BAN agreement, the mill levy may not exceed 50 mills for repayment of the BAN. The repayment of the BAN is subordinate in all respects to repayment of any outstanding Senior Notes or Senior Debt of the District. The repayment of the BAN principal and accrued interest is payable in immediately available funds upon presentation and surrender of this BAN at its maturity, December 14, 2015.

Landowner and Developer Advances. During 2005, the District entered into the 2005 restated loan agreement for capital costs with Sweetgrass Investors, LLC, the Landowner and Dacono Properties, LLC, the Developer. The Developer agreed to advance the District up to \$14,600,000 for eligible costs as defined by the Districts. Most of the advances made during 2005 were subsequently repaid with the issuance of bond anticipation notes (see above). The existing landowner and developer advances are carried at no interest. As of January 1, 2010, Developer Advances will carry interest at 0% per annum. The repayment of the advances is subordinate to the repayment of the 2005 Bond Anticipation Notes.

Debt Authorization

The District voters approved \$164,000,000 of revenue obligation debt in 2005 at an interest rate not to exceed 18% per annum. At December 31, 2015, the District had \$161,250,000 in authorized but unissued debt. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. The District's current service plan limits its combined debt obligations to \$41,690,000.

NOTE 7 - INTERGOVERNMENTAL REVENUE/EXPENDITURE

The following intergovernmental revenue and expenses occurred during fiscal year ended December 31, 2015:

	Sweetgrass Metropolitan District No. 1	Sweetgrass Metropolitan District No. 2	Sweetgrass Metropolitan District No. 3	Total Revenues
Sweetgrass Metropolitan District No. 1	\$ -	\$ 85,000	\$ 75,000	\$ 160,000
Sweetgrass Metropolitan District No. 2	14,502	-	-	14,502
Sweetgrass Metropolitan District No. 3	5,914	-	-	5,914
Total expenditures	<u>\$ 20,416</u>	<u>\$ 85,000</u>	<u>\$ 75,000</u>	<u>\$ 180,416</u>

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT (SERVICE CONTRACT) AND OTHER AGREEMENTS

District Facilities Construction and Service Agreement

In order to implement the Service Plan, the District entered into an intergovernmental agreement with Districts No. 2 and No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions have been performed in their entirety or until the agreement is terminated by mutual written agreement by the Districts.

The District is to construct the facilities benefiting all of the Districts and transfer them to the City of Dacono. Districts No. 2 and No. 3 will, to the extent that it is to benefit, pay the capital costs and the service costs of operation and maintenance of such facilities.

Districts No. 2 and No. 3 are required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the District disagrees as to the amount to be paid, then Districts No. 2 and No. 3 must pay District No. 1 the amount set forth in the annual budget as long as the property tax mill rate does not exceed 50 mills.

Maintenance and Warranty of Public Improvements

In 2014, Dacono Properties, LLC (Subdivider), on behalf of the District, entered into a Subdivision Agreement with Dacono. As part of the agreement, the Subdivider was required to enter into an Improvement Guarantee (Guarantee) for a period of time sufficient to cover the completion of the public improvements. If the Subdivider is unable to complete the improvements, Dacono has the right to call upon the Guarantee. The Guarantee could be in the form of cash, certified check, or a letter of credit. The amount of the Guarantee shall be 115% of the total estimated costs including labor and material of all the public improvements to be constructed per the Subdivision Agreement. As of the date of the Subdivision Agreement, February 24, 2014, the estimate cost of the improvements for Phase I were \$1,501,729 in total including the District's portion of \$593,400. As of December 31, 2015, the estimate to completion for the Phase I improvements is \$0 and the remaining balance of the Letter of Credits is \$118,680 to cover any warranty costs.

NOTE 9 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2015. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler, and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage during the past three years.

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

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

On November 5, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

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

NOTE 11 - NET POSITION

The District has net position consisting of two components – Restricted and unrestricted.

Restricted net position 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 had \$156 restricted for emergencies.

The District had unrestricted deficit net position at December 31, 2015 of \$1,896,200. This deficit amount was the result of the District being responsible for the repayment of bonds issued for public improvements which will be conveyed to other government entities and which costs will be removed from the District's financial records.

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

REQUIRED SUPPLEMENTARY INFORMATION

SWEETGRASS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 3,000	\$ 3,341	\$ 341
Specific ownership taxes	176	168	(8)
Net investment income	-	1,685	1,685
Intergovernmental - Sweetgrass			
Metropolitan District No. 2 and No. 3	325,000	160,000	(165,000)
Total revenues	<u>328,176</u>	<u>165,194</u>	<u>(162,982)</u>
EXPENDITURES			
Current			
Treasurer and Director Fees	238	150	88
Accounting	10,000	29,709	(19,709)
Audit	10,000	10,000	-
Insurance	3,000	2,576	424
Intergovernmental - Sweetgrass			
Metropolitan Districts No. 2 and No. 3	17,100	20,416	(3,316)
Other	1,000	2,762	(1,762)
Legal	13,000	17,777	(4,777)
LC fees	10,000	2,808	7,192
Debt Service			
Interest	270,000	-	270,000
Capital outlay	1,800,000	546,165	1,253,835
Total expenditures	<u>2,134,338</u>	<u>632,363</u>	<u>1,501,975</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,806,162)	(467,169)	1,338,993
OTHER FINANCING SOURCES			
Developer advances	1,800,000	1,829,537	29,537
Total other financing sources	<u>1,800,000</u>	<u>1,829,537</u>	<u>29,537</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(6,162)	1,362,368	1,368,530
FUND BALANCES - BEGINNING OF YEAR	<u>19,174</u>	<u>346,007</u>	<u>326,833</u>
FUND BALANCES - END OF YEAR	<u>\$ 13,012</u>	<u>\$ 1,708,375</u>	<u>\$ 1,695,363</u>

SECONDARY MARKET FINANCIAL INFORMATION – UNAUDITED

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
HISTORY OF DISTRICT'S MILL LEVY
December 31, 2015
UNAUDITED**

Levy/Collection Year	General Fund Mill Levy	Bond Fund Mill Levy	Total Mill Levy		Total Assessed Valuation
2010/2011	10.000	40.000	50.000	\$	3,844,170
2011/2012	10.000	40.000	50.000	\$	4,130,710
2012/2013	10.000	40.000	50.000	\$	6,412,000
2013/2014	10.000	40.000	50.000	\$	6,892,739
2014/2015	21.757	28.243	50.000	\$	5,842,120
2015/2016	18.976	31.024	50.000	\$	6,204,810

Sources: <http://www.co.weld.co.us/Departments/Assessor/TaxingAuthorityInformation/index.html>
Information shown relates to the debt district, Sweetgrass Metropolitan District No. 2.
See Note 8 for further details on the agreement between District No. 1 and District No. 2.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
2015 ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
December 31, 2015
UNAUDITED

Class	Total Assessed Valuation	Percent of Total Assessed Valuation	"Actual" Valuation	Percent of Total "Actual" Valuation
Residential	\$ 3,512,660	55.73%	\$ 44,136,698	85.97%
Vacant	460,460	7.30%	1,587,772	3.09%
Commercial	10,240	0.16%	35,341	0.07%
Industrial	40,070	0.64%	138,188	0.27%
Agricultural	8,110	0.13%	27,924	0.05%
Natural resources	1,975,920	31.35%	4,394,619	8.56%
State Assessed	197,350	3.13%	680,523	1.33%
Total	<u>6,204,810</u>	<u>98.44%</u>	<u>51,001,065</u>	<u>99.34%</u>
Exempt	<u>98,590</u>	<u>1.56%</u>	<u>339,875</u>	<u>0.66%</u>
Total Including Exempt	<u><u>\$ 6,303,400</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 51,340,940</u></u>	<u><u>100.00%</u></u>

Source: Weld County Assessor's Office
Information shown relates to the debt district, Sweetgrass Metropolitan District No. 2.
See Note 8 for further details on the agreement between District No. 1 and District No. 2.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2015**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2011	\$ 3,844,170	50.00	\$ 192,209	\$ 192,209	100.00%
2012	\$ 4,130,710	50.00	\$ 206,536	\$ 206,535	100.00%
2013	\$ 6,412,000	50.00	\$ 320,600	\$ 320,267	99.90%
2014	\$ 6,892,739	50.00	\$ 344,637	\$ 344,239	99.88%
2015	\$ 5,842,120	50.00	\$ 292,106	\$ 292,538	100.15%
Estimated for the year ending December 31, 2016	\$ 6,204,810	50.000	\$ 310,241		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

Information shown relates to the debt district, Sweetgrass Metropolitan District No. 2.

See Note 8 for further details on the agreement between District No. 1 and District No. 2.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
TEN LARGEST TAXPAYERS IN THE DISTRICT
December 31, 2015
UNAUDITED**

<u>Taxpayer Name</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation (1)</u>
Kerr-McGee Oil & Gas Onshore LP	\$ 1,073,040	17.29%
Kerr-McGee Gathering LLC	931,200	15.01%
KB Home Colorado Inc.	422,510	6.81%
Kerr McGee Gathering LLC	149,680	2.41%
Public Service Co of Colo (Xcel)	47,670	0.77%
Private Homeowner	28,390	0.46%
Private Homeowner	27,480	0.44%
Private Homeowner	27,380	0.44%
Private Homeowner	27,260	0.44%
Private Homeowner	27,020	0.44%
	<u>\$ 2,761,630</u>	<u>44.51%</u>

(1) Based on a 2015 certified assessed valuation of \$6,204,810

Source: Weld County Assessor's Office

Information shown relates to the debt district, Sweetgrass Metropolitan District No. 2.

See Note 8 for further details on the agreement between District No. 1 and District No. 2.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
OVERLAPPING MILL LEVIES BY TAXING ENTITIES
December 31, 2015
UNAUDITED**

<u>Taxing Entity</u>	<u>2015 Mill Levy</u>
Aims Junior College	6.325
Carbon Valley Park and Recreation District	6.794
Dacono, City of	24.694
Mountain View Fire	11.747
Northern Colorado Water Conservancy District	1.000
Fort Lupton School District RE-8	15.755
St. Vrain Valley Sanitation District	0.585
Weld County	<u>15.800</u>
Subtotal	82.700
Sweetgrass Metro District No. 2	<u>50.000</u>
Total	<u><u>132.700</u></u>

Source: Weld County Assessor's Office