

PARK MEADOWS METROPOLITAN DISTRICT
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

To the Board of Directors
Park Meadows Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of Park Meadows Metropolitan District as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 funds of Park Meadows Metropolitan District, as of December 31, 2017 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other-Matters

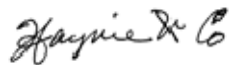
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Park Meadows Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado
July 23, 2018

BASIC FINANCIAL STATEMENTS

**PARK MEADOWS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,458,363
Cash and investments - Restricted	70,400
Receivable - County Treasurer	15,461
Receivable - Other	1,282
Prepaid expenses	20,079
Property taxes receivable	2,263,525
Capital assets, not being depreciated	1,141,343
Capital assets, net	<u>3,434,052</u>
Total assets	<u>8,404,505</u>
LIABILITIES	
Accounts payable	<u>24,144</u>
Total liabilities	<u>24,144</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	<u>2,263,525</u>
Total deferred inflows of resources	<u>2,263,525</u>
NET POSITION	
Net investment in capital assets	4,575,395
Restricted for:	
Emergency reserves	70,400
Unrestricted	<u>1,471,041</u>
Total net position	<u><u>\$ 6,116,836</u></u>

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

**PARK MEADOWS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 1,402,611	\$ -	\$ 1,282	\$ -	\$ (1,401,329)
	<u>\$ 1,402,611</u>	<u>\$ -</u>	<u>\$ 1,282</u>	<u>\$ -</u>	<u>(1,401,329)</u>
General revenues:					
Property taxes					2,097,662
Specific ownership taxes					230,822
Net investment income					18,185
Other income					500
Total general revenues					<u>2,347,169</u>
Change in net position					945,840
Net position - Beginning					5,170,996
Net position - Ending					<u>\$ 6,116,836</u>

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

**PARK MEADOWS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and investments	\$ 216,789	\$ 1,241,574	\$ 1,458,363
Cash and investments - Restricted	70,400	-	70,400
Receivable - County Treasurer	15,461	-	15,461
Accounts receivable	1,282	-	1,282
Prepaid expenses	20,079	-	20,079
Property taxes receivable	2,263,525	-	2,263,525
TOTAL ASSETS	\$ 2,587,536	\$ 1,241,574	\$ 3,829,110
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 18,355	\$ 5,789	\$ 24,144
Total liabilities	18,355	5,789	24,144
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	2,263,525	-	2,263,525
Total deferred inflows of resources	2,263,525	-	2,263,525
FUND BALANCES			
Nonspendable:			
Prepaid expenses	20,079	-	20,079
Restricted for:			
Emergencies (TABOR)	70,400	-	70,400
Assigned	-	1,235,785	1,235,785
Unassigned	215,177	-	215,177
Total fund balances	305,656	1,235,785	1,541,441
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,587,536	\$ 1,241,574	

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	4,575,395
Net position of governmental activities	\$ 6,116,836

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

PARK MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 2,097,662	\$ -	\$ 2,097,662
Specific ownership taxes	230,822	-	230,822
Net investment income	15,952	2,233	18,185
Other income	500	-	500
HRMD - Quebec median landscape maintenance	1,282	-	1,282
Total revenues	<u>2,346,218</u>	<u>2,233</u>	<u>2,348,451</u>
EXPENDITURES			
Current			
Accounting	40,053	4,838	44,891
Audit	3,400	-	3,400
County Treasurer's fees	31,483	-	31,483
Directors' fees	6,800	-	6,800
GIS mapping	8,850	-	8,850
Insurance and bonds	17,588	-	17,588
Landscape maintenance	237,312	-	237,312
Landscape maintenance and repairs	196,049	-	196,049
Landscape maintenance and repairs - Quebec St.	3,588	-	3,588
Landscape maintenance - PMBID	18,539	-	18,539
Landscape maintenance - Utilities	69,021	-	69,021
Legal	63,719	9,637	73,356
Management	75,000	19,930	94,930
Miscellaneous and contingency	12,074	-	12,074
Capital outlay	-	427,814	427,814
Total expenditures	<u>783,476</u>	<u>462,219</u>	<u>1,245,695</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,562,742</u>	<u>(459,986)</u>	<u>1,102,756</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,535,000	1,535,000
Transfers out	<u>(1,535,000)</u>	<u>-</u>	<u>(1,535,000)</u>
Total other financing sources (uses)	<u>(1,535,000)</u>	<u>1,535,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	27,742	1,075,014	1,102,756
FUND BALANCES - BEGINNING OF YEAR	<u>277,914</u>	<u>160,771</u>	<u>438,685</u>
FUND BALANCES- END OF YEAR	<u>\$ 305,656</u>	<u>\$ 1,235,785</u>	<u>\$ 1,541,441</u>

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

**PARK MEADOWS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$ 1,102,756
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p>	
Capital outlay	27,814
Depreciation expense	<u>(184,730)</u>
Changes in net position of governmental activities	<u><u>\$ 945,840</u></u>

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

**PARK MEADOWS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 2,107,180	\$ 2,102,566	\$ 2,097,662	\$ (4,904)
Specific ownership taxes	189,650	227,000	230,822	3,822
Net investment income	7,000	8,000	15,952	7,952
Other income	-	7,153	500	(6,653)
HRMD - Quebec median landscape maintenance	1,600	1,600	1,282	(318)
Total revenues	<u>2,305,430</u>	<u>2,346,319</u>	<u>2,346,218</u>	<u>(101)</u>
EXPENDITURES				
Current				
Accounting	39,000	40,000	40,053	(53)
Audit	3,500	3,400	3,400	-
County Treasurer's fees	31,608	31,538	31,483	55
Directors' fees	8,000	6,800	6,800	-
GIS mapping	-	8,850	8,850	-
Insurance and bonds	17,600	17,588	17,588	-
Landscape maintenance	237,312	237,312	237,312	-
Landscape maintenance and repairs	275,255	197,145	196,049	1,096
Landscape maintenance and repairs - Quebec St.	3,588	3,588	3,588	-
Landscape maintenance - PMBID	18,600	18,538	18,539	(1)
Landscape maintenance - Utilities	45,000	68,678	69,021	(343)
Legal	40,000	60,000	63,719	(3,719)
Management	75,000	75,000	75,000	-
Newsletter costs	3,500	-	-	-
Website design and maintenance	2,500	2,000	-	2,000
Miscellaneous and contingency	34,537	19,563	12,074	7,489
Total expenditures	<u>835,000</u>	<u>790,000</u>	<u>783,476</u>	<u>6,524</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,470,430</u>	<u>1,556,319</u>	<u>1,562,742</u>	<u>6,423</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,405,000)</u>	<u>(1,560,000)</u>	<u>(1,535,000)</u>	<u>25,000</u>
Total other financing sources (uses)	<u>(1,405,000)</u>	<u>(1,560,000)</u>	<u>(1,535,000)</u>	<u>25,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	65,430	(3,681)	27,742	31,423
FUND BALANCES - BEGINNING OF YEAR	261,719	277,914	277,914	-
FUND BALANCES - END OF YEAR	<u>\$ 327,149</u>	<u>\$ 274,233</u>	<u>\$ 305,656</u>	<u>\$ 31,423</u>

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

**PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1 - DEFINITION OF REPORTING ENTITY

Park Meadows Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by District Court Order on August 12, 1982, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in northern Douglas County (County). A substantial portion of the District is located within the City of Lone Tree (City). The District was established to provide financing for construction of streets, drainage and safety improvements.

During March 2002, the District's Board of Directors, concurrently with Douglas County, amended the District's Service Plan to allow for greater flexibility to the District to meet its service needs. The District's original Service Plan was approved in 1981. Under the modified Service Plan, the District is authorized to participate in planning, constructing and maintaining street and landscape improvements, primarily in cooperation with other governmental entities. Additionally, the District is authorized to participate with other governmental entities to finance the design of transportation improvements relating to the extension of a light rail system.

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.

The District has no employees and contracts for all of its management and professional services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

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

PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital infrastructure.

**PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2017.

Pooled Cash and Investments

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

Property Taxes

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

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

**PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The policy of the District requires that after construction, warranty and final acceptance by the County or the City, the District will dedicate all public infrastructures, except for certain landscape street median improvements, to the County or City for perpetual maintenance. The capital assets held by the District are reported 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 acquisition value at the date of donation.

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

Landscape street medians	30 years
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Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

**PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments	\$ 1,458,363
Cash and investments - Restricted	<u>70,400</u>
Total cash and investments	<u>\$ 1,528,763</u>

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

Deposits with financial institutions	\$ 15,986
Investments	<u>1,512,777</u>
Total cash and investments	<u>\$ 1,528,763</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 102% of the aggregate uninsured deposits.

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

At December 31, 2017, the District's cash deposits had a bank balance of \$17,530 and a carrying balance of \$15,986.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

**PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 1,512,777</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the 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 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust'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 the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017, follows:

	<u>Balance at December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,113,529	\$ 27,814	\$ -	\$ 1,141,343
Total capital assets, not being depreciated	<u>1,113,529</u>	<u>27,814</u>	<u>-</u>	<u>1,141,343</u>
Capital assets, being depreciated:				
Landscape street medians	5,541,885	-	-	5,541,885
Less accumulated depreciation for:				
Landscape street medians	<u>(1,923,103)</u>	<u>(184,730)</u>	<u>-</u>	<u>(2,107,833)</u>
Total capital assets, being depreciated, net	<u>3,618,782</u>	<u>(184,730)</u>	<u>-</u>	<u>3,434,052</u>
Governmental activities capital assets, net	<u>\$ 4,732,311</u>	<u>\$ (156,916)</u>	<u>\$ -</u>	<u>\$ 4,575,395</u>

Depreciation expense for the year ended December 31, 2017, was charged to general government function/program.

In addition to the above increases in capital assets, the District contributed \$400,000 to the City of Lone Tree for various street improvements.

NOTE 5 - NET POSITION

The District has net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. As of December 31, 2017, the District had net investment in capital assets of \$4,575,395.

Restricted net position includes assets that are restricted for use either externally imposed by auditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2017, as follows:

Restricted net position:	
Emergencies	<u>\$ 70,400</u>

The District's unrestricted net position as of December 31, 2017, totaled \$1,471,041.

**PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - RISK MANAGEMENT

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

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

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

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS

Capital Improvements

Beginning in 2002, the District has entered into various intergovernmental agreements with the City of Lone Tree (City) and Douglas County (County) for the purpose of sharing the costs of design, acquisition and construction of capital improvements that benefit the District and the District's constituents. Through December 31, 2017, the cumulative amount of shared costs for cooperative projects among the District, City and/or County totaled \$39,409,509. During 2017 and as of December 31, 2017, the District paid \$400,000 and \$11,789,022, respectively, pursuant to these agreements. Future years' payments of shared costs are subject to annual appropriation.

NOTE 8 - INTERFUND TRANSFERS

The District transferred \$1,535,000 from the General Fund to the Capital Projects Fund for the purpose of funding public infrastructure costs.

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 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.

**PARK MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

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

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

On May 5, 2000, the District voters approved a revenue change to allow the District to retain and spend all revenue in excess of TABOR spending, revenue raising or other limitations and all revenue in excess of the 5.5% statutory property tax revenue limitation from 1998 forward.

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.

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

SUPPLEMENTARY INFORMATION

**PARK MEADOWS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net investment income	\$ 1,200	\$ 2,233	\$ 1,033
Total revenues	<u>1,200</u>	<u>2,233</u>	<u>1,033</u>
EXPENDITURES			
Accounting	6,000	4,838	1,162
Engineering	10,000	-	10,000
Landscape construction oversight	2,000	-	2,000
Legal	10,000	9,637	363
Management	20,000	19,930	70
Capital outlay			
Joint projects with Douglas County and Lone Tree -			
Construction and design			
Lincoln pedestrian bridge	150,000	150,000	-
County Line Road Improvements	250,000	250,000	-
Park Meadows Drive West of Yosemite Improvements	250,000	-	250,000
Yosemite medians (C-470 -PMD) Hardscape	102,500	-	102,500
Yosemite medians (C-470 -PMD) Landscaping	333,500	14,255	319,245
Tuckpoint repair	-	13,559	(13,559)
Contingency	24,500	-	24,500
Total expenditures	<u>1,158,500</u>	<u>462,219</u>	<u>696,281</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,157,300)</u>	<u>(459,986)</u>	<u>697,314</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,405,000	1,535,000	130,000
Total other financing sources (uses)	<u>1,405,000</u>	<u>1,535,000</u>	<u>130,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	247,700	1,075,014	827,314
FUND BALANCES - BEGINNING OF YEAR	<u>155,318</u>	<u>160,771</u>	<u>5,453</u>
FUND BALANCES - END OF YEAR	<u>\$ 403,018</u>	<u>\$ 1,235,785</u>	<u>\$ 832,767</u>

**PARK MEADOWS METROPOLITAN DISTRICT
FIVE YEAR SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2017**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy Note</u>	<u>Mills Levied</u>			<u>Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General</u>	<u>Refunds & Abatements</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2013	\$ 273,418,450	3.771	-	2.616	\$ 1,746,324	\$1,728,106	99.0%
2014	\$ 291,103,258	6.387	-	0.000	\$ 1,859,277	\$1,834,251	98.7%
2015	\$ 287,551,760	6.387	-	0.000	\$ 1,836,593	\$1,824,650	99.3%
2016	\$ 328,875,270	6.387	-	0.000	\$ 2,100,526	\$2,091,758	99.6%
2017	\$ 329,916,980	6.387	-	0.000	\$ 2,107,180	\$2,097,662	99.5%
Estimated for year ending December 31, 2018	\$ 354,395,600	6.387	-	0.000	\$ 2,263,525		

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.