

EAGLE MEADOW METROPOLITAN DISTRICT
Weld County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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Office of the State Auditor

July 5, 2018

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION	I
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities.....	2
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	6
Notes to Financial Statements.....	7
SUPPLEMENTAL INFORMATION	
Debt Service Fund - Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual.....	17
Capital Projects Fund – Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	18
Schedule of Debt Service Requirements to Maturity	19
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected.....	21



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

Members of the Board of Directors
Eagle Meadow Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of Eagle Meadow 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 Eagle Meadow 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

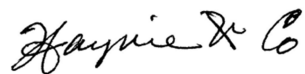
Required Supplementary Information

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 Eagle Meadow 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
June 25, 2018

BASIC FINANCIAL STATEMENTS

EAGLE MEADOW METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Escrow - restricted	\$ 225,667
Bond fund	139
Surplus fund	35,104
Reserve fund	45,044
Capital interest fund	45,871
Prepaid expenses	2,251
Property taxes receivable	98,547
Total assets	452,623
LIABILITIES	
Accounts payable	8,426
Accounts payable - other	153
Bank overdraft	619
Noncurrent liabilities:	
Accrued interest	51,453
Due in one year	45,000
Due in more than one year	2,338,427
Total liabilities	2,444,078
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	98,547
Total liabilities and deferred inflows of resources	2,542,625
NET POSITION	
Restricted for:	
Emergency reserves	1,091
Debt service	126,825
Capital projects	225,000
Unrestricted (deficit)	(2,442,918)
Total net position (deficit)	\$ (2,090,002)

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

**EAGLE MEADOW METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</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	\$ 36,355	\$ -	\$ -	\$ -	\$ (36,355)
Interest and related costs on long-term debt	123,769	-	-	-	(123,769)
	<u>\$ 160,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(160,124)</u>
General revenues:					
Property taxes					87,683
Specific ownership taxes					6,122
Investment earnings					1,417
Other financing sources:					
Developer advance					4,465
Total general revenues and other financing sources					<u>99,687</u>
Change in net position					(60,437)
Net position (deficit) - Beginning					(2,029,565)
Net position (deficit) - Ending					<u>\$ (2,090,002)</u>

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

**EAGLE MEADOW METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Escrow	\$ -	\$ 667	\$ 225,000	\$ 225,667
Bond fund	-	139	-	139
Surplus fund	-	35,104	-	35,104
Reserve fund	-	45,044	-	45,044
Capital interest fund	-	45,871	-	45,871
Prepaid expense	2,251	-	-	2,251
Property taxes receivable	-	98,547	-	98,547
TOTAL ASSETS	\$ 2,251	\$ 225,372	\$ 225,000	\$ 452,623
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 8,426	\$ -	\$ -	\$ 8,426
Accounts payable - other	153	-	-	153
Bank overdraft	619	-	-	619
Total liabilities	9,198	-	-	9,198
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	-	98,547	-	98,547
Total liabilities & deferred inflows	9,198	98,547	-	107,745
FUND BALANCES				
Nonspendable	2,251	-	-	2,251
Restricted for:				
Emergency reserves (TABOR)	1,091	-	-	1,091
Debt service	-	126,825	-	126,825
Capital projects	-	-	225,000	225,000
Unassigned	(10,289)	-	-	(10,289)
Total fund balances	(6,947)	126,825	225,000	344,878
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,251	\$ 225,372	\$ 225,000	

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest	(51,453)
Bonds payable	(2,383,427)
Net position (deficit) of governmental activities	\$ (2,090,002)

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

**EAGLE MEADOW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ -	\$ 87,683	\$ -	\$ 87,683
Specific ownership taxes	-	6,122	-	6,122
Net investment income	4	1,413	-	1,417
Total revenues	<u>4</u>	<u>95,218</u>	<u>-</u>	<u>95,222</u>
EXPENDITURES				
Current				
Accounting	20,130	-	-	20,130
Legal	7,422	-	-	7,422
Audit	5,400	-	-	5,400
Directors' fees	1,000	-	-	1,000
Dues and memberships	312	-	-	312
County Treasurer's fees	-	1,308	-	1,308
Insurance	2,013	-	-	2,013
Miscellaneous	78	600	-	678
Bond Interest	-	85,980	-	85,980
Bond Principal	-	43,000	-	43,000
Total expenditures	<u>36,355</u>	<u>130,888</u>	<u>-</u>	<u>167,243</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>(36,351)</u>	<u>(35,670)</u>	<u>-</u>	<u>(72,021)</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	4,465	-	-	4,465
Interfund transfers	1,016	(1,016)	-	-
Total other financing sources (uses)	<u>5,481</u>	<u>(1,016)</u>	<u>-</u>	<u>4,465</u>
NET CHANGE IN FUND BALANCES	(30,870)	(36,686)	-	(67,556)
FUND BALANCES - BEGINNING OF YEAR	<u>23,923</u>	<u>163,511</u>	<u>225,000</u>	<u>412,434</u>
FUND BALANCES - END OF YEAR	<u>\$ (6,947)</u>	<u>\$ 126,825</u>	<u>\$ 225,000</u>	<u>\$ 344,878</u>

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

**EAGLE MEADOW 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 changes in fund balances - Total governmental funds	\$	(67,556)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Bond principal payments		43,000
Accrued interest on bonds payable - change in liability		(35,881)
Change in net position of governmental activities	\$	(60,437)

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

**EAGLE MEADOW METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
System Development Fees	\$ 3,450	\$ -	\$ (3,450)
Net investment income	138	4	(134)
Total revenues	<u>3,588</u>	<u>4</u>	<u>(3,584)</u>
EXPENDITURES			
Current			
Accounting	16,000	20,130	(4,130)
Audit	5,500	5,400	100
Directors' fees	2,000	1,000	1,000
Dues and memberships	350	312	38
Insurance and bonds	2,400	2,013	387
Legal services	18,000	7,422	10,578
Miscellaneous	300	78	222
Contingency	2,450	-	2,450
Total expenditures	<u>47,000</u>	<u>36,355</u>	<u>10,645</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,412)</u>	<u>(36,351)</u>	<u>7,061</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	8,000	4,465	(3,535)
Interfund transfers	-	1,016	1,016
Total other financing sources (uses)	<u>8,000</u>	<u>5,481</u>	<u>(2,519)</u>
NET CHANGE IN FUND BALANCE	(35,412)	(30,870)	<u>\$ 4,542</u>
FUND BALANCE - BEGINNING OF YEAR			
	36,154	23,923	
FUND BALANCE - END OF YEAR	<u>\$ 742</u>	<u>\$ (6,947)</u>	

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

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Eagle Meadow Metropolitan District (District), a quasi-municipal corporation, was organized on November 20, 2001, is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under an Amended and Restated Service Plan approved by Dacono City Council on April 25, 2016. The District's service area is located in Weld County, Colorado. The District was established to provide financing and construction of public improvements.

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 has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct 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.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Redemption of bonds is recorded as a reduction 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 District 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid.

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. Revenues are derived primarily from property taxes, other taxes and interest income.

The Debt Service Fund accounts for the resources that are restricted, committed or assigned for principal and interest on long-term general obligation debt of the governmental funds, as well as financial resources being accumulated for future debt service.

The Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to the acquisition and construction of capital equipment and facilities.

EAGLE MEADOW 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Investments

The District's cash and investments include cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

Property Taxes

Property taxes are levied by the District 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 considered fully collectible and are recorded initially as deferred inflows of resources in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows of resources in the governmental fund financial statements of the District for the year ended December 31, 2017 are comprised of property taxes due from Weld County that will not be collected within 60 days of the end of the current fiscal year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term debt is reported gross.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance – Governmental Funds

The fund balances for the District's governmental funds are displayed in up to five components:

Nonspendable – amounts that are not in a spendable form or are required to be maintained intact.

Restricted – amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

- Emergency Reserves of \$1,091 have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).
- The restricted fund balance in the Debt Service Fund in the amount of \$126,825 is to be used exclusively for the payment of future general obligation bond principal, interest and related costs.
- The restricted fund balance in the Capital Project Fund in the amount of \$225,000 is escrowed and to be used for past capital improvement, and will be released upon the District attaining a specific assessed valuation level, as provided in the 2016 General Obligation Bond resolution (see Note 4).

Committed – amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board. There is no committed fund balance for the year ended December 31, 2017.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. There is no assigned fund balance for the year ended December 31, 2017.

Unassigned – the residual classification for the General Fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

As of December 31, 2017, the District's General Fund was in a deficit position. The District plans to correct this through future Developer advances and the collection of system development fees.

NOTE 3 - CASH AND INVESTMENTS

Deposits with Financial Institutions

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

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

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 disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

**EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase and reverse repurchase agreements collateralized by certain authorized securities
- * Certain money market funds
- Guaranteed investment contracts
- * Local government investment

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

Investment	Maturity	Fair Value
Federated Treasury Money Market Fund	Less than 1 year	<u>\$ 90,915</u>

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds and money market funds.

Federated Treasury Money Market Fund

The debt service money that was included in the trust accounts at United Missouri Bank (UMB) was invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations which are fully guaranteed as to principal and interest by the United States of America, with maturities of 12 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poors. These funds are valued using Level 1 inputs.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2017:

Long term obligations	Balance at December 31, 2016	Additions	Retirement	Balance at December 31, 2017	Due Within One Year
Bonds Payable					
Series 2016A	\$ 1,150,000	\$ -	\$ 43,000	\$ 1,107,000	\$ 45,000
Series 2016B	700,000	-	-	700,000	-
Series 2016C	576,427	-	-	576,427	-
	<u>\$ 2,426,427</u>	<u>\$ -</u>	<u>\$ 43,000</u>	<u>\$ 2,383,427</u>	<u>\$ 45,000</u>
Accrued Interest	Balance at December 31, 2016	Additions	Payment	Balance at December 31, 2017	Due Within One Year
Bonds Payable					
Series 2016A	\$ -	\$ 43,432	\$ 40,480	\$ 2,952	\$ 35,424
Series 2016B	8,329	40,962	45,500	3,791	45,500
Series 2016C	7,243	37,467	-	44,710	-
	<u>\$ 15,572</u>	<u>\$ 121,861</u>	<u>\$ 85,980</u>	<u>\$ 51,453</u>	<u>\$ 80,924</u>

Bonds Payable

On April 3, 2014, the District issued \$1,752,752 in a General Obligation Note (Taxable Limited Tax General Obligation Note) for infrastructure improvements. The Note was a special, limited obligation and due on April 3, 2044, with an interest of 5.25%. In 2016 the Note was paid off upon issuance of General Obligation Bonds by the District. General Obligation Limited Tax Refunding Bonds were issued as follows: Series 2016A in the amount of \$1,150,000 with an interest rate of 3.2% and matures at June 30, 2036; Series 2016B and Series 2016C are \$700,000 subordinate and \$576,427 junior subordinate, respectively. Both subordinate and junior subordinate bonds bear the same interest rate of 6.5% and mature on December 15, 2041. The Series 2016C bonds are payable only from excess revenues, after payment of the Series 2016A and 2016B Bonds.

**EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2016A and 2016B bonds are payable solely from Pledged Revenue as follows:

Year	Series 2016A	Year	Series 2016B
2018	\$ 45,000	2037	\$ 125,000
2019	46,000	2038	125,000
2020	47,000	2039	150,000
2021	49,000	2040	150,000
2022	50,000	2041	150,000
2023-2027	272,000		<u>700,000</u>
2028-2032	314,000		<u>\$ 700,000</u>
2033-2036	284,000		
	<u>\$ 1,107,000</u>		

The District's Service Plan restricts the maximum mill levies to be not in excess of 50.0 mills. The mill levy is subject to adjustments based on Colorado law in the method of calculating assessed valuation. During 2017, the District collected taxes based on a mill levy of 50.000 mills; 0.000 mills for operations and 50.000 mills for debt service. At December 15, 2017, the District levied 50.000 mills for collections in 2018; 0.000 mills for operations and 50.000 mills for debt service.

NOTE 5 - NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

Restricted assets include 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 restricted net position of \$352,916 as of December 31, 2017 as follows:

Emergencies	\$ 1,091
Debt service	126,825
Capital projects	<u>225,000</u>
Total restricted net position	<u>\$ 352,916</u>

The District's unrestricted net position (deficit) as of December 31, 2017 totaled \$(2,442,918). This deficit amount was a result of the District being responsible for the repayment of notes issued for public improvements that have been conveyed to other governmental entities.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - RELATED PARTIES

Some of the members of the Board of Directors are or have been either employees or have financial interests that are related to a prior Developer of the District. These members may have potential conflicts of interests regarding matters which come before the Board. Two of the Board members are members of Pawnee South, LLC, which held the District's General Obligation Note and now holds the Series 2016C Bonds. Three Board members are employees of Southwestern Property Corp. (SWPC), which provided accounting services to the District in 2017 for total fees of \$20,130.

NOTE 7 - 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, 2017. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's 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, public official's liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8 - 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.

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.

EAGLE MEADOW METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 4, 2003, the District's voters approved the retention of all property taxes and all other District revenue in 2003 and annually thereafter without limitation of under TABOR or other laws.

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

SUPPLEMENTAL INFORMATION

**EAGLE MEADOW METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 87,258	\$ 87,683	\$ 425
Specific ownership taxes	6,548	6,122	(426)
Interest income	-	1,413	1,413
Total revenues	<u>93,806</u>	<u>95,218</u>	<u>1,412</u>
EXPENDITURES			
County Treasurer's fees	1,310	1,308	2
Debt service			
Bond principal - Series A	43,000	43,000	-
Bond interest - Series A	38,000	40,480	(2,480)
Bond interest - Series B	-	45,500	(45,500)
Debt service - Series C (based on release of restricted funds)	225,000	-	225,000
Paying agent fees	1,000	600	400
Contingency	4,235	-	4,235
Total expenditures	<u>312,545</u>	<u>130,888</u>	<u>181,657</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(218,739)</u>	<u>(35,670)</u>	<u>183,069</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers	-	(1,016)	(1,016)
Total other financing sources (uses)	<u>-</u>	<u>(1,016)</u>	<u>(1,016)</u>
NET CHANGE IN FUND BALANCE	(218,739)	(36,686)	<u>\$ 182,053</u>
FUND BALANCE - BEGINNING OF YEAR	<u>462,281</u>	<u>163,511</u>	
FUND BALANCE - END OF YEAR	<u>\$ 243,542</u>	<u>\$ 126,825</u>	

**EAGLE MEADOW METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Developer advance	\$ 1,509,000	\$ -	\$ (1,509,000)
Total revenues	<u>1,509,000</u>	<u>-</u>	<u>(1,509,000)</u>
EXPENDITURES			
Engineering	9,000	-	9,000
Capital expenditures	1,500,000	-	1,500,000
Total expenditures	<u>1,509,000</u>	<u>-</u>	<u>1,509,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfer to Debt Service Fund	-	-	-
Transfer from General Fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	<u>\$ -</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>225,000</u>	
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 225,000</u>	

EAGLE MEADOW METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

\$1,150,000

General Obligation Limited Tax Refunding Bond

Series 2016A

Dated October 25, 2016

Principal Due June 30, 2036

Interest Rate 3.2% Payable

Year ended December 31,	Principal	Interest	Total
2018	\$ 45,000	\$ 35,424	\$ 80,424
2019	46,000	33,984	79,984
2020	47,000	32,512	79,512
2021	49,000	31,008	80,008
2022	50,000	29,440	79,440
2023	51,000	27,840	78,840
2024	53,000	26,208	79,208
2025	54,000	24,512	78,512
2026	56,000	22,784	78,784
2027	58,000	20,992	78,992
2028	59,000	19,136	78,136
2029	61,000	17,248	78,248
2030	63,000	15,296	78,296
2031	65,000	13,280	78,280
2032	66,000	11,200	77,200
2033	68,000	9,088	77,088
2034	70,000	6,912	76,912
2035	72,000	4,672	76,672
2036	74,000	2,368	76,368
TOTAL	\$ 1,107,000	\$ 383,904	\$ 1,490,904

EAGLE MEADOW METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

\$700,000

Subordinate General Obligation Limited Tax Refunding Bond
Series 2016B

Dated October 25, 2016

Principal Due December 15, 2041

Interest Rate 6.5% Payable

Year ended December 31,	Principal	Interest	Total
2018	\$ -	\$ 45,500	\$ 45,500
2019	-	45,500	45,500
2020	-	45,500	45,500
2021	-	45,500	45,500
2022	-	45,500	45,500
2023	-	45,500	45,500
2024	-	45,500	45,500
2025	-	45,500	45,500
2026	-	45,500	45,500
2027	-	45,500	45,500
2028	-	45,500	45,500
2029	-	45,500	45,500
2030	-	45,500	45,500
2031	-	45,500	45,500
2032	-	45,500	45,500
2033	-	45,500	45,500
2034	-	45,500	45,500
2035	-	45,500	45,500
2036	-	45,500	45,500
2037	125,000	45,500	170,500
2038	125,000	37,375	162,375
2039	150,000	29,250	179,250
2040	150,000	19,500	169,500
2041	150,000	9,750	159,750
TOTAL	\$ 700,000	\$ 1,005,875	\$ 1,705,875

\$576,427

Junior Subordinate General Obligation Limited Tax Refunding Bond
Series 2016C

Dated October 25, 2016

Principal Due December 15, 2041

Interest Rate 6.5% Payable

No annual scheduled maturities; payments from excess revenues only.

**EAGLE MEADOW METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2017**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		Operations	Debt Service	Levied	Collected	
2013	\$ 934,810	31.934	0.000	\$ 29,852	\$ 29,852	100.00%
2014	\$ 1,106,348	31.934	0.000	\$ 35,330	\$ 35,330	100.00%
2015	\$ 1,449,600	45.000	0.000	\$ 65,232	\$ 65,232	100.00%
2016	\$ 1,803,700	45.000	0.000	\$ 81,167	\$ 81,167	100.00%
2017	\$ 1,745,160	0.000	50.000	\$ 87,258	\$ 87,683	100.49%
Estimated for the year ending December 31, 2018	\$ 1,970,930	0.000	50.000	\$ 98,547		