

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT**  
**Douglas County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2017**

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March 6, 2018

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**Dazzio & Associates, PC**

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Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
High Prairie Farms Metropolitan District  
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and the major fund of the High Prairie Farms Metropolitan District as of and for the year 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 from material misstatement.

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

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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 the High Prairie Farms 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.

## **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 opinions on the financial statements that collectively comprise the High Prairie Farms Metropolitan District's basic financial statements. The other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other 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 them.

*Daggio & Associates, P.C.*

February 23, 2018

## **BASIC FINANCIAL STATEMENTS**

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2017**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 802,797
Cash and investments - Restricted	18,600
Receivable - County Treasurer	3,932
Property taxes receivable	547,574
Prepaid expenses	10,242
Capital assets, not being depreciated	2,162,073
Capital assets, net of accumulated depreciation	<u>1,126,905</u>
Total assets	<u>4,672,123</u>
<b>LIABILITIES</b>	
Accounts payable	<u>40,279</u>
Total liabilities	<u>40,279</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	<u>547,574</u>
Total deferred inflows of resources	<u>547,574</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,288,978
Restricted for:	
Emergency reserves	18,600
Unrestricted	<u>776,692</u>
Total net position	<u><u>\$ 4,084,270</u></u>

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>#</u>	<u>Capital Grants and Contributions</u>
Primary government:					
Governmental activities:					
General government	\$ 696,425	\$ -	\$ 11,228	\$ -	\$ (685,197)
	<u>\$ 696,425</u>	<u>\$ -</u>	<u>\$ 11,228</u>	<u>\$ -</u>	<u>(685,197)</u>
General revenues:					
Property taxes					535,801
Specific ownership taxes					58,704
Net investment income					9,424
Other income					15,880
Total general revenues					<u>619,809</u>
Change in net position					(65,388)
Net position - Beginning					<u>4,149,658</u>
Net position - Ending					<u>\$ 4,084,270</u>

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2017**

	<b>Governmental Fund</b>
<b>ASSETS</b>	
Cash and investments	\$ 802,797
Cash and investments - Restricted	18,600
Receivable - County Treasurer	3,932
Property taxes receivable	547,574
Prepaid expenses	10,242
Total assets	\$ 1,383,145
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 40,279
Total liabilities	40,279
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	547,574
Total deferred inflows of resources	547,574
 <b>FUND BALANCES</b>	
Nonspendable:	
Prepaid expenses	10,242
Restricted:	
Emergency reserves	18,600
Assigned:	
Working capital	180,000
Future capital replacement	77,600
Rockwall	70,000
Subsequent years expenditures	374,169
Unassigned:	
General government	64,681
Total fund balances	795,292
 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	3,288,978
Net position of governmental activities	\$ 4,084,270

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUND  
Year Ended December 31, 2017**

	<b>Governmental Fund</b>
<b>REVENUES</b>	
Property taxes	\$ 535,801
Specific ownership taxes	58,704
Conservation trust funds	11,228
Net investment income	9,424
Other income	15,880
Total revenues	631,037
<b>EXPENDITURES</b>	
General and administration	161,433
Operations maintenance - Annual	269,184
Total G&A and O&M - Annual	430,617
Maintenance - As required	12,756
Erosion repair and storm drainage - As required	67,890
Capital Outlay	117,618
Total expenditures	628,881
<b>NET CHANGE IN FUND BALANCES</b>	2,156
<b>FUND BALANCES - BEGINNING OF YEAR</b>	793,136
<b>FUND BALANCES - END OF YEAR</b>	\$ 795,292

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND  
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 balance - Total governmental fund	\$	2,156
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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.

Capital outlay		53,949
Depreciation		(118,543)
Loss on disposal of asset		<u>(2,950)</u>

Changes in net position of governmental activities	\$	<u><u>(65,388)</u></u>
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

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

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance- Positive (Negative)</b>
<b>REVENUES</b>			
Property taxes	\$ 535,888	\$ 535,801	\$ (87)
Specific ownership taxes	48,230	58,704	10,474
Colorado state lottery funds	10,000	11,228	1,228
Net investment income	4,000	9,424	5,424
Other income	1,000	15,880	14,880
Total revenues	<u>599,118</u>	<u>631,037</u>	<u>31,919</u>
<b>EXPENDITURES</b>			
General and administration	167,838	161,433	6,405
Operations maintenance - Annual	383,500	269,184	114,316
Total G&A and O&M - Annual	<u>551,338</u>	<u>430,617</u>	<u>120,721</u>
Maintenance - As required	156,500	12,756	143,744
Erosion repair and storm drainage - As required	205,000	67,890	137,110
Capital Outlay	181,000	117,618	63,382
Total expenditures	<u>1,093,838</u>	<u>628,881</u>	<u>464,957</u>
<b>NET CHANGE IN FUND BALANCES</b>	(494,720)	2,156	496,876
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>745,966</u>	<u>793,136</u>	<u>47,170</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 251,246</u>	<u>\$ 795,292</u>	<u>\$ 544,046</u>

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

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

High Prairie Farms Metropolitan District (District), a quasi-municipal corporation, was organized on May 5, 1986, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado. The District was established to provide public services, including streets, safety protection, transportation and park and recreational facilities.

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 all operations and administrative functions are contracted.

**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.

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.

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.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

**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. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets.

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. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the liability is incurred.

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.

**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 modified certain budget line items during the year, but did not amend the total appropriations.

**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 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.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

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.

**Capital Assets**

Capital assets, which include equipment and infrastructure assets (e.g. parks, trails and similar items), are reported in the governmental activities column in the governmental-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:

Building	30 years
Parks and playground equipment	5-30 years
Lighting and signage	15 years
Equipment	5-10 years
Mailboxes	10-20 years
Entryway / Monumentation	10 years

**Fund Equity**

***Net Position***

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

***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.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

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

- *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.

**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	\$ 802,797
Cash and investments - Restricted	<u>18,600</u>
Total cash and investments	<u>\$ 821,397</u>

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

Deposits with financial institutions	\$ 47,362
Investments	<u>774,035</u>
Total cash and investments	<u>\$ 821,397</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.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

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

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 \$48,507 and a carrying balance of \$47,362.

**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 for investments that are in the possession of another party.

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
- . Certain international agency securities
- . 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 and reverse 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:

<b>Investment</b>	<b>Maturity</b>	<b>Amount</b>
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ 232,204
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>541,831</u>
		<u>\$ 774,035</u>

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

**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.

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in the District's 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>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,162,073	\$ -	\$ -	\$ 2,162,073
Total capital assets, not being depreciated	<u>2,162,073</u>	<u>-</u>	<u>-</u>	<u>2,162,073</u>
Capital assets, being depreciated:				
Building	363,721	-	-	363,721
Lighting and signage	342,164	3,962	6,248	339,878
Parks and recreation	1,805,783	5,880	-	1,811,663
Equipment	260,429	39,237	4,275	295,391
Mailboxes	42,620	4,870	-	47,490
Entryway/Monumentation	8,790	-	-	8,790
Total capital assets, being depreciated	<u>2,823,507</u>	<u>53,949</u>	<u>10,523</u>	<u>2,866,933</u>
Less accumulated depreciation for:				
Building	90,930	12,124	-	103,054
Lighting and signage	181,120	17,397	3,298	195,219
Parks and recreation	1,133,255	63,373	-	1,196,628
Equipment	219,957	20,969	4,275	236,651
Mailboxes	3,503	3,801	-	7,304
Entryway/Monumentation	293	879	-	1,172
Total accumulated depreciation	<u>1,629,058</u>	<u>118,543</u>	<u>7,573</u>	<u>1,740,028</u>
Total capital assets, being depreciated, net	<u>1,194,449</u>	<u>(64,594)</u>	<u>2,950</u>	<u>1,126,905</u>
Capital assets, net	<u>\$ 3,356,522</u>	<u>\$ (64,594)</u>	<u>\$ 2,950</u>	<u>\$ 3,288,978</u>

Depreciation expense was charged to the general government of the District for the year ended December 31, 2017, in the amount of \$118,543.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS**

**Authorized Debt**

At December 31, 2017, the District had no authorized, unissued debt.

**NOTE 6 - INTERGOVERNMENTAL AGREEMENT**

The District entered into an agreement in 2000 with Denver Southeast Suburban Water and Sanitation District (DSSWS) for the construction of a pumping station and storage facility (joint use facility). Pursuant to the agreement, the DSSWS would design and construct the joint use facility and lease the storage facility to the District. The lease also contains provisions and a formula for shared maintenance of the facility. No maintenance costs were incurred during 2017. A lease payment of \$500.00 was made by the District in 2017. The future annual lease payments are \$500 per year through 2098 and may be adjusted for inflation as defined in the agreement.

**NOTE 7 - 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 and reduced by the outstanding balances of bonds, mortgages notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. As of December 31, 2017, the District had net investment in capital assets in the amount of \$3,288,978.

The restricted component of net position consists of 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 as of December 31, 2017, amounting to \$18,600.

The District's unrestricted net position as of December 31, 2017, totaled \$776,692.

**NOTE 8 - CONSERVATION TRUST FUND**

The Conservation Trust Fund represents the net unspent proceeds received from the State Lottery for the Conservation Trust Fund. Changes in the Conservation Trust Fund are as follows:

Balance, December 31, 2017	\$	
Entitlement		11,228
Net investment income		26
Capital outlay - Open space – Tree spraying	\$	(11,254)
Balance, December 31, 2017	\$	<u><u>--</u></u>

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**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). 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, public officials' 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 10 - 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.

On May 7, 1996, voters approved a revenue change commencing in 1996 and each year thereafter, allowing the District to collect, retain and spend state and local government grants, developer contributions, HB 1006 Revenue, rates, fees, tolls and charges, and any other revenues not derived from ad valorem taxes. In 1996 and each year thereafter; and shall such revenues and any investment income thereon be approved as voter-approved revenue change, without limiting any such year the collection of any other revenues.

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

On November 5, 1996, voters approved the District to increase taxes by \$20,000 annually, to be produced by a total mill levy not to exceed 12.000 mills certified in 1996 and collected in 1997, and by whatever additional amounts, if any, are raised and collected each year thereafter from a total mill levy not to exceed 12.00 mills, for the maintenance of District landscaping and all other lawful District expenses, and shall such revenues and any investment income be collected and spent as a voter approved revenue change without regard to any spending, revenue raising of other limitation of Article X, Section 20 of the Colorado Constitution; and shall the revenue from such taxes and investment income thereon also be approved for 1997 and each year thereafter as an increased levy under Section 29-1-302, C.R.S.

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.

## **OTHER INFORMATION**

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>EXPENDITURES</b>			
General and administration			
Accounting	59,000	60,891	(1,891)
Audit	4,000	4,000	-
Contingency	5,000	-	5,000
County Treasurer's fees	8,038	8,045	(7)
Directors' fees	8,000	5,100	2,900
Publications and dues	800	701	99
District management	6,500	8,085	(1,585)
Insurance	10,500	10,197	303
Legal	55,000	43,804	11,196
Records retention	5,000	19,673	(14,673)
Miscellaneous	3,000	937	2,063
Website development	3,000	-	3,000
Total General and administration	<u>167,838</u>	<u>161,433</u>	<u>6,405</u>
Operations maintenance - Annual			
Storage facility lease	500	500	-
Christmas lights	8,000	7,802	198
Maintenance - Chemicals and fertilizer	3,000	1,250	1,750
Maintenance - Contract	148,000	141,240	6,760
Maintenance - Equipment repairs and parts	10,000	3,038	6,962
Maintenance - Fuel and oil	3,000	2,116	884
Maintenance - Other	25,000	16,497	8,503
Maintenance - Sprinkler	8,000	3,051	4,949
Maintenance - Tree spraying	40,000	42,913	(2,913)
Maintenance - Weed spraying	15,000	7,575	7,425
Maintenance - Wild fire land mitigation	30,000	-	30,000
Maintenance - Trails and walking paths	5,000	-	5,000
Security and traffic safety	10,000	4,550	5,450
General engineering	10,000	-	10,000
Sign maintenance and additions	5,000	904	4,096
Utilities	8,000	6,308	1,692
Erosion control	15,000	-	15,000
Maintenance - Parkway mulching	10,000	1,484	8,516
Water	30,000	29,956	44
Total Operations maintenance - Annual	<u>383,500</u>	<u>269,184</u>	<u>114,316</u>
Maintenance - As required			
Capital outlay - Building	2,500	-	2,500
Capital outlay - Contingency	20,000	-	20,000
Reserve study	5,000	-	5,000
Capital outlay - Fence replacement	3,000	-	3,000
Capital outlay - Beautification - Entry way	15,000	5,880	9,120
Capital outlay - Sprinkler replacement and upgrades	15,000	1,755	13,245
Capital outlay - Open space and pocket park	15,000	371	14,629
Capital outlay - Trails and sidewalks - existing	80,000	-	80,000
School District Property	1,000	4,750	(3,750)
Total Maintenance - As required	<u>156,500</u>	<u>12,756</u>	<u>143,744</u>
Erosion repair and storm drainage - As required			
Shade Tree Land erosion	-	32,560	(32,560)
Timbers Creek	40,000	5,147	34,853
Capital outlay - Detention ponds & storm drainage	75,000	2,510	72,490
Storm drainage (Includes engineering)	30,000	2,673	27,327
Timbers Creek study	60,000	25,000	35,000
Total Erosion repair and storm drainage - As required	<u>205,000</u>	<u>67,890</u>	<u>137,110</u>
Capital Outlay			
Capital outlay - Equipment purchases	50,000	39,237	10,763
Capital outlay - Signage, traffic and speed mitigation	20,000	19,102	898
Capital outlay - Fountain pond	15,000	5,675	9,325
High Prairie Farms at the Lake - Monument	-	3,962	(3,962)
Capital outlay - Mailboxes and landscape	10,000	4,870	5,130
Capital outlay - Entryway (Eight)	56,000	44,772	11,228
Capital outlay - Playground equipment	10,000	-	10,000
Capital outlay - Rockwall	20,000	-	20,000
Total Capital Outlay	<u>181,000</u>	<u>117,618</u>	<u>63,382</u>
Total Expenditures	<u>1,093,838</u>	<u>628,881</u>	<u>464,957</u>

**HIGH PRAIRIE FARMS METROPOLITAN DISTRICT  
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</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2012	\$ 38,529,060	12.000	\$ 462,349	\$ 461,956	99.91%
2013	\$ 38,651,700	12.000	\$ 463,820	\$ 464,021	100.03%
2014	\$ 39,633,798	12.000	\$ 475,606	\$ 475,534	99.97%
2015	\$ 39,913,040	12.000	\$ 478,956	\$ 478,958	100.00%
2016	\$ 44,561,300	12.000	\$ 534,736	\$ 534,203	99.90%
2017	\$ 44,657,320	12.000	\$ 535,888	\$ 535,801	99.98%
Estimated for the year ending December 31, 2018	\$ 45,631,140	12.000	\$ 547,574		