

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT
—
**BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

December 31, 2017 and 2016

E

RECEIVED

Office of the State Auditor

July 24, 2018

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	I-II
BASIC FINANCIAL STATEMENTS	
Statement of Net Position.....	1
Statements of Revenue, Expenses and Changes in Net Position.....	2
Statement of Cash Flows.....	3
Notes to Financial Statements.....	4-14
SUPPLEMENTAL INFORMATION	
Statement of Revenues, Expenditures, and Changes in Funds Available– Budget and Actual	15
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected.....	16

Independent Auditor's Report

Board of Directors

Meadowbrook Fairview Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Meadowbrook Fairview Metropolitan District for the years ended December 31, 2017 and 2016, and the related notes to the 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Meadowbrook Fairview Metropolitan District as of December 31, 2017 and 2016, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 opinions on the basic financial statements are not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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.



L. Paul Goedecke, P.C.
July 18, 2018

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Statement of Net Position
December 31, 2017 and 2016**

Cash and cash equivalents	\$ 728,343	\$ 103,027
Investments - unrestricted	2,989,656	2,994,551
Investments - restricted	281,612	281,612
Accounts receivable	28,517	26,921
Receivable - County Treasurer	-	4,250
Property taxes receivable	662,440	642,156
Accrued interest	2,898	2,710
Prepaid expenses	<u>5,268</u>	<u>5,242</u>
Total current assets	<u>4,698,734</u>	<u>4,060,469</u>
Capital Assets, Net	<u>680,321</u>	<u>757,484</u>
Total Assets	<u>5,379,055</u>	<u>4,817,953</u>

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts and taxes payable	13,545	26,354
Excess mill levy to be rebated	66,307	-
Deposit - S. Wadsworth escrow	<u>2,329</u>	<u>2,329</u>
Total current liabilities	<u>82,181</u>	<u>28,683</u>

Deferred Inflow of Resources

Deferred property tax revenue	<u>662,440</u>	<u>642,156</u>
-------------------------------	----------------	----------------

Net Assets

Invested in capital assets, net of related debt	680,321	757,484
Restricted - Capital improvements	31,612	31,612
- Emergency reserves	250,000	250,000
Unrestricted	<u>3,672,501</u>	<u>3,108,018</u>
Total net assets	<u>4,634,434</u>	<u>4,147,114</u>
Total Liabilities and Net Assets	<u>\$ 5,379,055</u>	<u>\$ 4,817,953</u>

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

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Statements of Revenue, Expenses and Changes in Net Position
For the Year Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Sewer revenue	\$ 468,945	\$ 467,910
Other operating revenue	<u>12,429</u>	<u>2,077</u>
Total operating revenue	<u>481,374</u>	<u>469,987</u>
Operating Expenses		
Community Center expenses	669	692
Depreciation	78,539	78,539
Repair, maintenance and supplies	32,881	45,070
Contract maintenance	68,762	71,228
Legal	27,047	26,825
Management	44,836	43,528
Engineering	28,245	21,408
Utilities	4,070	4,003
Accounting and audit	28,993	27,902
Insurance	5,242	5,245
Director's fees and expenses	6,459	6,459
Excess mill levy rebate	66,307	-
Miscellaneous	<u>5,054</u>	<u>5,119</u>
Total operating expenses	<u>397,104</u>	<u>336,018</u>
Net Operating Income (Loss)	<u>84,270</u>	<u>133,969</u>
Non-Operating Revenues (Expenses)		
Tap fees	22,800	15,200
Investment income	32,603	12,052
Property taxes	639,310	640,971
Ownership tax	62,731	46,876
Treasurer's fees	(9,606)	(9,558)
Fire protection service contract	<u>(344,788)</u>	<u>(457,669)</u>
Total non-operating revenues (expenses)	<u>403,050</u>	<u>247,872</u>
Change in Net Assets	487,320	381,841
Beginning of Year	<u>4,147,114</u>	<u>3,765,273</u>
End of Year	<u>\$ 4,634,434</u>	<u>\$ 4,147,114</u>

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

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Statements of Cash Flows
For the Year Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 479,778	\$ 469,871
Payments to suppliers	(265,093)	(319,551)
Net cash provided by operating activities	<u>214,685</u>	<u>150,320</u>
Cash flows from noncapital financing activities:		
Taxes – property and specific ownership	706,291	687,491
Treasurers fees	(9,606)	(9,558)
Fire protection service contract	(344,788)	(457,669)
Net cash provided by noncapital financing activities	<u>351,897</u>	<u>220,264</u>
Cash flows from capital financing activities:		
Investment in capital asset	(1,377)	(53,741)
Tap fees	22,800	15,200
Net cash provided by capital financing activities	<u>21,423</u>	<u>(38,541)</u>
Cash flows from investing activities:		
Interest income	32,415	13,240
Net (purchases) maturity of investments	4,896	(2,266,091)
Net cash provided (required) by investing activities	<u>37,311</u>	<u>(2,252,851)</u>
Net increase (decrease) in cash and equivalents	625,316	1,920,808
Cash and equivalents – beginning of year	<u>103,027</u>	<u>2,023,835</u>
Cash and equivalents – end of year	<u><u>728,343</u></u>	<u><u>\$ 103,027</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Income (loss) from operations	84,270	133,969
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	78,539	78,539
(Increase) decrease in assets:		
Accounts receivable	(1,596)	(116)
Prepaid expense	(26)	240
Increase (decrease) in liabilities		
Excess mill levy to be rebated	66,307	-
Accounts and taxes payable	(12,809)	(62,312)
Net cash (required) used by operating activities	<u>\$ 214,685</u>	<u>\$ 150,320</u>

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

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017 and 2016

Note 1: Definition of Reporting Entity

The Meadowbrook Fairview Metropolitan District is a quasi-municipal corporation and political subdivision of the State of Colorado. The purpose of the District is to provide sewer and fire protection services to the residents of the District.

The District has no employees and all operation and administrative functions are provided under contract.

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

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

Note 2: Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

The District has elected to follow GASB pronouncements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for on the enterprise basis. The following is a summary of the more significant policies:

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 2: Summary of Significant Accounting Policies (Continued)

- a) Basis of Accounting –The District’s records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets. Inclusion fees and tap fees are recorded as contributed capital when received unless the fees result from agreements which are subject to liens on the property and have interest bearing receivables.

- b) Operating Revenues and Expenses – The District distinguishes between operating revenues and expenses and nonoperating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District’s purpose of providing sewer services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

- c) Property Tax– 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 during October or November by certification to the County Commissioner to put the tax lien on the individual properties as of December of each year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in installments, at the taxpayers election, in February or June. Delinquent taxpayers are notified in August and tax sales are in November. The County Treasurer remits the taxes collected monthly to the District.

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

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Note 2: Summary of Significant Accounting Policies (Continued)

- d) Capital Assets – All capital assets are valued at historical costs or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated. Depreciation of all exhaustible property, plant and equipment used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over estimated useful lives using the straight line method. The estimated useful lives are as follows:

Sewer System	30 Years
--------------	----------

- e) Budget and Budgetary Accounting - 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 District's Board of Directors can modify the budget assuming it meets the notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year-end.
- f) Statement of Cash Flows – For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand, certain money market and savings accounts at financial institutions. Repurchase agreements, certificates of deposit, and certain money market and U.S. Treasury Notes, are classified as investments and are not reflected as cash in the statement of cash flows.
- g) Management Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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.
- h) Contributed Capital – Tap fees are recorded as non-operating revenue.
- i) Restricted Net Position - The restricted balance in the Capital Reserve in the amount of \$250,000 is to be used exclusively for the construction of infrastructure assets and related costs. Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$31,612 of Net Position has been reserved in compliance with this requirement.

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 3: Cash and Investments

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

Statement of net position:	
Cash and equivalents	\$ 728,343
Investments – unrestricted	2,989,656
Investments - restricted	281,612
	<u>\$ 3,999,611</u>

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

Deposits with financial institutions	\$ 671,450
Investments	3,328,161
	<u>\$ 3,999,611</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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 \$673,168 and a carrying balance of \$ 671,450.

Custodial Credit Risks – Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2017, none of the District’s bank balance of \$ 673,168 was exposed to custodial credit risk.

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 3: Cash and Investments (Continued)

Investments

Credit Risk

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

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. Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM funds Governmental Select series) and money market funds (generally held by Bank Trust Departments in their role as Paying Agent or Trustee), and COLOTRUST, which record their investments at Net Asset value method.

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

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 3: Cash and Investments (Continued)

The local government investment pools include the Colorado Local Government Liquid Assets Trust (ColoTrust) rated AAAM by Standard & Poor's.

Interest Rate Risk

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 or sinking fund requirements.

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Liquid Asset Trust (ColoTrust)	Less than one year	\$ 1,458,078
Chevron Corp Note	Less than two years	\$ 399,732
Freddie Mac Notes held by Wells Fargo Bank	Less than three years	498,455
Federal Home Loan Note	Less than three years	915,003
Wells Fargo Money Market	Less than one year	56,893
		<u>\$ 3,328,161</u>

COLOTRUST

As of December 31, 2017, the District had invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission 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 repurchase agreements collateralized by certain obligations of U.S. government agencies.

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017 and 2016

Note 3: Cash and Investments (Continued)

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 investments 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. As of December 31, 2017, the District has \$1,458,078 invested in COLOTRUST PLUS.

Federal Home Loan Mortgage Corporation (FHLMC) known as Freddie Mac is a public government sponsored enterprise (GSE) created to expand the secondary market for mortgages in the U.S. with a mission to expand the secondary market and sell mortgage backed securities on the open market. Freddie Mac is rated AAA by Moody's and AA+ by S&P.

Federal Home Loan Banks (FHLB) - FHLB is a GSE that provides stable, low-cost funding to U.S. financial institutions for home mortgage, small business, rural, and economic development lending. FHLB is the largest collective source of home mortgage and community credit in the U.S. There are twelve banks in the FHLB system, and the FHLB provide loans only to other banks. FHLB is rated AAA by Moody's and AA+ by S&P.

Money Market Fund

During 2017 money that was included in the trust accounts at Wells Fargo Bank was invested in the SEI Daily Income Treasury Portfolio. These portfolios are money market funds with each share equal in value to \$1.00. The funds are AAA rated and invest exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less. As of December 31, 2017, the District had restricted investments of \$ 56,893 held in money market funds.

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 4: Changes in Capital Assets

The following schedules show changes in capital assets for 2017:

	Land	Improvements & Easements	Building	Furniture, Equipment & Improvements	Sewer System	Construction in Progress	Total
Balance, 12/31/15	\$ 6,000	\$ 19,458	\$ 56,411	\$ 307,424	\$ 2,254,361	\$ 60,741	\$ 2,704,395
Additions/reclass	-	-	-	-	-	1,377	1,377
Balance, 12/31/16	<u>\$ 6,000</u>	<u>\$ 19,458</u>	<u>\$ 56,411</u>	<u>\$ 307,424</u>	<u>\$ 2,254,361</u>	<u>\$ 62,118</u>	<u>\$ 2,705,772</u>
Less:							
Accumulated Depreciation							<u>(2,025,451)</u>
Net Property, Plant and Equipment							<u>\$ 680,321</u>

Depreciation expense for 2017 was \$ 78,539.

Note 5: Tax, Spending and Debt Limitations

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The District, in accordance with C.R.S. 37-45.1-101 et. Seq., has adopted a policy to treat its operations as an enterprise fund. Because of this, the District does not feel it is subject to many of the requirements of the TABOR amendment.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year’s Fiscal 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.

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

—
Notes to Financial Statements
December 31, 2017 and 2016

Note 5: Tax, Spending and Debt Limitations (continued)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved \$31,612 in compliance with this requirement.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

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

Note 6: Reconciliation of Revenues and Expenditures – GAAP Basis to Budgetary Basis

The District prepares its budget on an annual basis. The budget is legally enacted through passage of a resolution. The budgetary comparison in this report is on a non-GAAP budgetary basis. The following reconciliation is presented to reconcile to the GAAP basis financial statements:

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017 and 2016

Note 6: Reconciliation of Revenues and Expenditures – GAAP Basis to Budgetary Basis (continued)

Revenues

Operating Revenues	\$	481,374
Non-Operating Revenues		757,444
Total Revenues – GAAP Basis and Budgetary Basis	\$	<u>1,238,818</u>

Expenditures

Operating Expenses	\$	330,797
Non-Operating Expenses		354,394
Total Expenditures – GAAP Basis		685,191
Adjustments:		
Capital improvements		1,377
Depreciation		(78,539)
Total Expenditures – Budgetary Basis	\$	<u>608,029</u>

Note 7: Risk Management Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to 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 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.

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

—
Notes to Financial Statements
December 31, 2017 and 2016

Note 8: Fire Protection Service Contract

The District has contracted with the City of Littleton to provide fire protection services. The District certified 11.78 mills for fire protection services on an assessed valuation of \$ 44,906,015 for a total of \$528,993 and remitted \$344,788 in 2017. The District has set aside a Reserve of \$66,307 which represents an accumulation of taxes received in excess of actual amounts required to be remitted for fire protection services.

Note 9: Reserved Capital Contributions

During 1992, the Board of Directors of the District reserved \$250,000 for the establishment of a Sewer, Capital Improvement and Rehabilitation Fund. The board action specifies that the funds are to be used for capital improvements and rehabilitation of the District's sewer system.

SUPPLEMENTAL INFORMATION

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Schedule of Revenue and Expenditures and Changes in Funds Available
Budget and Actual - Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Community Center income	\$ 500	\$ 5,145	\$ 4,645
Sewer revenue	468,336	468,945	609
Tap sales	38,000	22,800	(15,200)
Inspection revenue	780	468	(312)
Property taxes	642,156	639,310	(2,846)
Ownership taxes	46,500	62,731	16,231
Investment income	28,250	32,603	4,353
Miscellaneous income	150	6,816	6,666
Total revenues	<u>1,224,672</u>	<u>1,238,818</u>	<u>14,146</u>
EXPENSES			
Contract maintenance – Community Center	15,358	10,441	4,917
Contract maintenance - Sewer	74,218	58,321	15,897
Utilities	4,370	4,070	300
Fire protection	528,993	344,788	184,205
Community center	18,950	668	18,282
Sewer maintenance	52,016	32,881	19,135
Engineering/rules and regulations	40,000	28,245	11,755
Director fees/expenses	7,536	6,459	1,077
Legal fees	28,047	27,047	1,000
Office supplies	5,198	4,050	1,148
Management	44,835	44,836	(1)
Accounting and audit	30,525	28,993	1,532
Insurance	5,242	5,242	-
Miscellaneous	300	1,004	(704)
County treasurer fees	9,632	9,606	26
Excess mill levy to be rebated	-	66,307	(66,307)
Capital improvements	88,750	1,377	87,373
Total expenditures	<u>\$ 953,970</u>	<u>\$ 674,335</u>	<u>\$ 279,635</u>
Excess revenue over (under) expenditures		\$ 564,483	
Beginning Funds Available		<u>3,389,630</u>	
Ending Funds Available		<u>\$ 3,954,113</u>	
Funds available are defined as follows:			
Current assets		\$ 4,698,734	
Less current liabilities		<u>744,621</u>	
Funds Available		<u>\$ 3,954,113</u>	

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

MEADOWBROOK FAIRVIEW METROPOLITAN DISTRICT

**Summary of Assessed Valuation, Mill Levy and Property Taxes Collected
For the Year Ended December 31, 2017**

Year Ended	Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Collected
December 31, 1994	\$ 13,232,880	15.379	\$ 202,775
December 31, 1995	13,608,350	9.938	135,108
December 31, 1996	15,779,570	9.735	157,610
December 31, 1997	16,912,900	9.938	169,514
December 31, 1998	16,913,600	9.380	191,278
December 31, 1999	21,062,000	9.338	194,720
December 31, 2000	24,122,680	8.985	215,905
December 31, 2001	25,313,930	9.312	235,841
December 31, 2002	31,805,940	8.078	255,919
December 31, 2003	32,844,360	8.704	285,625
December 31, 2004	34,292,930	8.933	301,720
December 31, 2005	34,910,920	9.381*	318,776
December 31, 2006	35,336,420	9.381*	330,381
December 31, 2007	35,016,420	14.909**	522,059
December 31, 2008	38,868,820	14.693**	571,100
December 31, 2009	39,952,560	14.693**	586,791
December 31, 2010	39,121,520	14.693**	574,073
December 31, 2011	39,723,340	14.693**	582,608
December 31, 2012	37,021,200	14.686**	543,693
December 31, 2014	37,222,947	14.686**	536,948
December 31, 2015	36,576,682	14.686**	539,391
December 31, 2016	44,742,320	14.300**	640,971
December 31, 2017	44,906,015	14.300**	639,310
Anticipated for the year ending December 31, 2018	48,144,491	14.26**	686,540

*2005- 2006 - includes 6.238 mills for fire protection services.

**2007 through 2017 – includes 11.780 mills for fire protection services.