

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
Weld County, Colorado
Town of Mead, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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Office of the State Auditor

July 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mead Western Meadows Metropolitan District
Weld County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Mead Western Meadows Metropolitan District (the 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 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 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 each major fund of Mead Western Meadows Metropolitan District, as of December 31, 2017, and the respective changes in financial position thereof, 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.

I

Fiscal Focus Partners, LLC

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Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the District, will continue as a going concern. As discussed in Note 11 to the financial statements, the District has, over the years, accumulated a deficit fund balance due to operating and intergovernmental agreement costs exceeding available revenues. These conditions raise substantial doubt about the District's ability to continue as a going concern. Management's plans regarding those matters also are described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted 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 District's basic financial statements. The supplemental information and other information (together, the information) as listed in the table of contents is presented for purposed of legal compliance and additional analysis and is not a required part of the basic financial statements. The information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Fiscal Focus Partners, LLC

Lakewood, Colorado
June 30, 2018

BASIC FINANCIAL STATEMENTS

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and investments - unrestricted	\$ 82,293
Cash and investments - restricted	158,402
Due from county treasurer	1,337
Property taxes receivable	296,604
Prepaid expense	2,488
Total assets	541,124
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding, net of amortization	360,302
Total deferred outflows of resources	360,302
LIABILITIES	
Accounts payable	2,187
Accrued interest on obligation to other governmental entities	1,613
Accrued note interest payable	9,879
Non-current liabilities:	
Due within one year	52,831
Due in more than one year	3,005,950
Total liabilities	3,072,460
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	296,604
Total deferred inflows of resources	296,604
NET POSITION	
Restricted for:	
Emergency reserves	1,170
Debt service	248,627
Unrestricted	(2,717,435)
Total net position	\$ (2,467,638)

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

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	\$ 38,277	\$ -	\$ -	\$ (38,277)	
Interest and expenses on long-term debt	151,685	-	-	(151,685)	
	<u>\$ 189,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (189,962)</u>	
General revenues:					
Property tax					246,020
Specific ownership tax					19,106
Net investment income					710
Total general revenues					<u>265,836</u>
Change in net position					75,874
Net position - Beginning					(2,543,512)
Net position - Ending					<u>\$ (2,467,638)</u>

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

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	\$ 2,078	\$ 80,215	\$ 82,293
Cash and investments - restricted	-	158,402	158,402
Due from County Treasurer	184	1,153	1,337
Property taxes receivable	37,664	258,940	296,604
Prepaid expense	2,488	-	2,488
Due from other funds	-	8,857	8,857
Total assets	\$ 42,414	\$ 507,567	\$ 549,981
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,187	\$ -	\$ 2,187
Due to other funds	8,857	-	8,857
Total liabilities	11,044	-	11,044
 DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	37,664	258,940	296,604
Total deferred inflows of resources	37,664	258,940	296,604
 FUND BALANCES (DEFICIT)			
Restricted for:			
Emergencies	1,170	-	1,170
Debt service	-	248,627	248,627
Nonspendable:			
For subsequent year's expenditures	2,488	-	2,488
Unassigned	(9,952)	-	(9,952)
Total fund balances (Deficit)	(6,294)	248,627	242,333
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)			
	\$ 42,414	\$ 507,567	

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

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

Long-term obligations	(3,058,781)
Accrued interest on long-term obligations	(11,492)
Deferred loss on refunding, net of accumulated amortization	360,302
Net position of governmental activities	\$ (2,467,638)

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

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUE			
Property taxes	\$ 33,926	\$ 212,094	\$ 246,020
Specific ownership tax	2,635	16,471	19,106
Net investment income	-	710	710
Total revenue	<u>36,561</u>	<u>229,275</u>	<u>265,836</u>
EXPENDITURES			
Accounting, audit and management	14,735	-	14,735
County treasurer's fees	509	3,181	3,690
Dues and subscriptions	283	-	283
Insurance and bonds	2,488	-	2,488
Legal	2,490	-	2,490
Parks and Recreation IGA	17,254	-	17,254
Miscellaneous	168	-	168
Note principal	-	50,000	50,000
Note interest	-	122,200	122,200
Paying agent fees	-	300	300
Total expenditures	<u>37,927</u>	<u>175,681</u>	<u>213,608</u>
NET CHANGE IN FUND BALANCES	(1,366)	53,594	52,228
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(4,928)</u>	<u>195,033</u>	<u>190,105</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (6,294)</u>	<u>\$ 248,627</u>	<u>\$ 242,333</u>

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

**MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)
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	\$	52,228
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:</p>		
Note principal payment		50,000
IGA principal payment		2,831
<p>Some expenses reported in the Statement of Activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Amortization of loss on bond refunding		(29,435)
Net change in accrued interest on long-term liabilities		250
		250
Change in net position of governmental activities	\$	75,874

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

**MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2017**

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Property taxes	\$ 33,934	\$ 33,926	\$ (8)
Specific ownership tax	2,750	2,635	(115)
Net investment income	10	-	(10)
Total revenue	<u>36,694</u>	<u>36,561</u>	<u>(133)</u>
EXPENDITURES			
Accounting, audit and management	14,500	14,735	(235)
County Treasurer's Fees	509	509	-
Dues and subscriptions	200	283	(83)
Insurance and bonds	3,000	2,488	512
Legal	4,000	2,490	1,510
Parks and Recreation IGA	15,550	17,254	(1,704)
Miscellaneous	100	168	(68)
Emergency Reserve	1,000	-	1,000
Total expenditures	<u>38,859</u>	<u>37,927</u>	<u>932</u>
NET CHANGE IN FUND BALANCE	(2,165)	(1,366)	799
FUND BALANCE (DEFICIT)- BEGINNING OF YEAR	5,981	(4,928)	(10,909)
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 3,816</u>	<u>\$ (6,294)</u>	<u>\$ (10,110)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Mead Western Meadows Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on May 24, 2006, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located within the Town of Mead, Colorado.

The District was established principally to provide streets, traffic and safety controls, street lighting, water, sanitary sewer, storm drainage, landscaping, parks and recreation, and mosquito control to areas within and without the boundaries of the District.

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

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

The District is not financially accountable for any other District 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. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. 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 assets and deferred outflows and liabilities and deferred inflows of the District is reported as net position.

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds, notes, and developer advances are 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 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. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 other funds.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest, and related expenses on the long-term general obligation debt of the governmental funds.

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

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.

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of net position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Loss on Refunding

In the government-wide financial statements the deferred loss on bond refunding is being amortized using the interest method over the life of the refunded bonds. The amortization amount is a component of interest expense and the unamortized deferred cost of \$360,302 at December 31, 2017, is reflected as deferred outflows of financial resources.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

The District reports a deficit balance in the General Fund of (\$6,294), see Note 10.

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 – Unrestricted	\$ 82,293
Cash and investments – Restricted	<u>158,402</u>
Total cash and investments	<u>\$ 240,695</u>

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

Cash deposits	<u>\$ 240,695</u>
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Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 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 \$82,768 and carrying balance of \$82,293.

MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Investments

Credit Risk

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

Colorado 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 and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities and lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market 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. 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.

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

As of December 31, 2017, the District had no investments.

Cash and investments are restricted for the following purposes:

Bond Funds

Cash and investments in the amount of \$158,402 are restricted for the payment of debt service on the District's long-term obligations.

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

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 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 (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

NOTE 4 - LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2016	Additions	Retirements/ Conversions	Balance at December 31, 2017	Due Within One Year
G.O. Limited Tax Refunding Notes					
-Series 2013	\$ 3,055,000	\$ -	\$ (50,000)	\$ 3,005,000	\$ 50,000
Town of Mead Agreement	56,612	-	(2,831)	53,781	2,831
	<u>\$ 3,111,612</u>	<u>\$ -</u>	<u>\$ (52,831)</u>	<u>\$ 3,058,781</u>	<u>\$ 52,831</u>

General Obligation Limited Tax Refunding Notes, Series 2013

On July 9, 2013, the District issued \$3,225,000 General Obligation Limited Tax Refunding Notes, Series 2013. Interest on the notes is payable semi-annually on June 1 and December 1, commencing December 1, 2013, at an interest rate of 4%. The notes are secured by and payable from pledged revenue which consists of the moneys derived from the District from the following sources: (i) the required mill levy (not to exceed 50.000 mills); (ii) a portion of the Specific Ownership Tax; and (iii) any other legally available monies which the District determines to transfer to the Trustee. In accordance with the issuance of the notes, the outstanding liability due to the Developer was cancelled.

A Reserve account of \$155,000 was established in accordance with the Note requirements. As of December 31, 2017 the balance of the Reserve account was \$158,402.

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

The following table sets forth the estimated debt service payment schedule for the principal and interest on the notes:

	General Obligation Notes		
	Principal	Interest	Total
2018	\$ 50,000	\$ 120,200	\$ 170,200
2019	50,000	118,200	168,200
2020	65,000	116,200	181,200
2021	75,000	113,600	188,600
2022	80,000	110,600	190,600
2023-2027	490,000	500,200	990,200
2028-2032	1,300,000	340,400	1,640,400
2033-2036	895,000	76,400	971,400
	\$ 3,005,000	\$ 1,495,800	\$ 4,500,800

In addition to the above longer term obligations, G.O. Limited Tax Bonds Series 2007 previously issued by the District have been defeased (debt legally satisfied) by the issuance of refunding notes. As of December 31, 2017, the outstanding balance of the defeased bonds was \$0.

Authorized Debt

On May 2, 2006, a majority of qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$6,900,000 for public improvements. At December 31, 2017, the District had authorized and issued indebtedness from the election in the following amounts allocated for the following purposes:

	Total Authorized	Remaining at December 31, 2017
Streets	\$ 1,084,553	\$ 267,968
Water	632,315	117,570
Sanitation	1,174,654	40,059
Parks and recreation	508,478	279,403
Operations and Maintenance	100,000	100,000
Refunding financial obligations	3,400,000	2,815,000
	\$ 6,900,000	\$ 3,620,000

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

NOTE 5 – FUND EQUITY

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$1,170 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Debt Service Fund in the amount of \$248,627 is to be used exclusively for debt service requirements (see Note 4).

Unassigned Fund Balance

At December 31, 2017, the General Fund had a fund balance deficit of \$6,294. (See Note 10)

NOTE 6 - NET POSITION

The District's net position consists of two components - restricted and unrestricted. The restricted portion of the net position include amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2017 is as follows:

	Governmental Activities
Restricted net position:	
TABOR emergency reserve (Note 9)	\$ 1,170
Debt service (Note 4)	248,627
	\$ 249,797

In the government-wide financial statements, the District's liabilities and deferred inflows exceeded assets by \$2,467,638 as a result of capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

NOTE 7 - AGREEMENTS

On June 25th, 2007, the District entered into the Intergovernmental Agreement (IGA) with the Town of Mead, Colorado (Town) to provide net bond proceeds of \$185,000 to be used by the Town for capital improvements that the District would otherwise be empowered to finance and construct and for which the District is authorized to incur indebtedness, which improvements

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NOTES TO FINANCIAL STATEMENTS
December 31, 2017

shall be of benefit to both the Town and the District. This obligation was satisfied in prior years by the District. On August 6, 2012, the District approved to be effective July 31, 2012, the First Amendment to the IGA generally limiting the debt service mill levy to 50 mills, limiting future debt issuance, providing provisions regarding Developer reimbursement, notice provisions to the Town and District property owners, and cooperation on service plan amendments. The execution of the First Amendment to the IGA was conditional on bonds being issued by the District on or before December 31, 2012. The District did not issue bonds in 2012.

The IGA with the Town also required the District to impose a mill levy of three (3.000) mills for purposes of operations and maintenance expenses associated with the Town park and recreational capital improvements. As of December 31, 2017, the District is behind on payments to the Town. In February 2017, the District signed an agreement with the Town that addressed the deficit payments. The Agreement imposed an interest rate and minimum annual payment due by the District for prior years.

NOTE 8 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 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 9 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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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.

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.

On May 2, 2006, a majority of the District's electors authorized the District to collect and spend or retain in reserve all revenue other than ad valorem taxes annually without regard to any limitations imposed by TABOR.

NOTE 10 – REFUNDING OF GENERAL OBLIGATION TAX REFUNDING NOTES

On May 30, 2018, the District issued Series 2018 GO Limited Tax Refunding Bonds in the amount of \$2,955,000. The bonds were issued at varying interest rates and mature on December 1, 2047. Proceeds from the Series 2018 bonds were used to refund the Series 2013 GO Limited Tax Refunding Notes and pay the cost of issuance.

NOTE 11 – GOING CONCERN

As of December 31, 2017, the District's General Fund reported a deficit fund balance of (\$6,294). This deficit has accumulated over the last several fiscal years due to the operating costs of the District exceeding the available revenues for the payment of those costs. In addition, the District has not been paying the Town of Mead the 3.000 mills per the IGA on a consistent basis and will need to make up the deficit payments in future years. The District is economically dependent upon real property and specific ownership taxes to fund the operational costs of the District. For the 2018 fiscal year, the District budgeted for revenues to exceed expenditures; the amount of excess anticipated is anticipated to eliminate the deficit fund balance. In addition, the District Board has taken significant steps in reducing operating costs. District management continues to monitor costs and will address the deficit issue during the 2018 Budget process.

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

SUPPLEMENTAL INFORMATION

**MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2017**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Amounts</u>	<u>(Negative)</u>
REVENUE			
Property Taxes	\$ 212,087	\$ 212,094	\$ 7
Specific Ownership Tax	7,800	16,471	8,671
Net investment income	600	710	110
Total revenue	<u>220,487</u>	<u>229,275</u>	<u>8,788</u>
EXPENDITURES			
County Treasurer's Fees	3,181	3,181	-
Note principal	50,000	50,000	-
Note interest	122,200	122,200	-
Paying agent fees	300	300	-
Total expenditures	<u>175,681</u>	<u>175,681</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	44,806	53,594	8,788
FUND BALANCE - BEGINNING OF YEAR	194,590	195,033	443
FUND BALANCE - END OF YEAR	<u>\$ 239,396</u>	<u>\$ 248,627</u>	<u>\$ 9,231</u>

OTHER INFORMATION

**MEAD WESTERN MEADOWS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

**\$3,225,000 Series 2013
General Obligation
Limited Tax Refunding Notes
Interest Rate of 4.00%
Payable on June 1 and December 1
Principal Due on December 1**

	General Obligation Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 50,000	\$ 120,200	\$ 170,200
2019	50,000	118,200	168,200
2020	65,000	116,200	181,200
2021	75,000	113,600	188,600
2022	80,000	110,600	190,600
2023	85,000	107,400	192,400
2024	95,000	104,000	199,000
2025	95,000	100,200	195,200
2026	105,000	96,400	201,400
2027	110,000	92,200	202,200
2028	235,000	87,800	322,800
2029	245,000	78,400	323,400
2030	260,000	68,600	328,600
2031	270,000	58,200	328,200
2032	290,000	47,400	337,400
2033	300,000	35,800	335,800
2034	305,000	23,800	328,800
2035	160,000	11,600	171,600
2036	130,000	5,200	135,200
	<u>\$ 3,005,000</u>	<u>\$ 1,495,800</u>	<u>\$ 4,500,800</u>