

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**Douglas County, Colorado**

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

**E**

**RECEIVED**

Office of the State Auditor

July 24, 2018

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	1
Statement of Activities .....	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual .....	6
Notes to Financial Statements .....	7
<b>SUPPLEMENTARY INFORMATION</b> .....	<b>20</b>
Conservation Trust Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual .....	21
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual .....	22
Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual .....	23
Schedule of Debt Service Requirements to Maturity .....	24
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected .....	25

## **Independent Auditor's Report**

Board of Directors

### **Pinery West Metropolitan District No. 2**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Pinery West Metropolitan District No. 2 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 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 governmental activities and each major fund of the Pinery West Metropolitan District No. 2 as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year 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.

A handwritten signature in cursive script that reads "L. Paul Goedecke P.C.".

L. Paul Goedecke, P.C.  
May 27, 2018

## **BASIC FINANCIAL STATEMENTS**

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
December 31, 2017

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 1,067,950
Cash and investments - Restricted	611,284
Receivables - County Treasurer	15,640
Accounts receivable	2,867
Property taxes receivable	2,076,677
Utility deposit	5,517
Capital assets, not being depreciated	5,567,499
Capital assets, net	2,587,018
Total assets	11,934,452
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Cost of refunding	802,654
Total deferred outflow of resources	802,654
<b>LIABILITIES</b>	
Accounts payable	38,588
Accrued interest payable - Bonds	29,453
Noncurrent liabilities	
Due within one year	1,320,000
Due in more than one year	12,540,000
Total liabilities	13,928,041
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	2,076,677
Total deferred inflows of resources	2,076,677
<b>NET POSITION</b>	
Net investment in capital assets	8,154,517
Restricted for:	
Emergency	20,200
Debt service	330,579
Conservation Trust	15,216
Capital projects	229,006
Unrestricted	(12,017,130)
Total net position	\$ (3,267,612)

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Change in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government, including depreciation	\$ 697,268	\$ 7,600	\$ -	\$ 11,655	\$ (678,013)
Interest on long-term debt and related expenses	572,707	-	-	-	(572,707)
	<u>\$ 1,269,975</u>	<u>\$ 7,600</u>	<u>\$ -</u>	<u>\$ 11,655</u>	<u>(1,250,720)</u>
General revenues:					
Property taxes					2,131,537
Specific ownership taxes					233,497
Net interest income					28,949
Other income					998
Total general revenues					<u>2,394,981</u>
Change in net position					1,144,261
Net position - Beginning					(4,411,873)
Net position - Ending					<u>\$ (3,267,612)</u>

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2017**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 620,309	\$ -	\$ -	\$ 447,641	\$ 1,067,950
Cash and investments - Restricted	20,200	13,349	348,729	229,006	611,284
Receivable - County Treasurer	4,337	-	11,303	-	15,640
Accounts receivable	-	1,867	-	1,000	2,867
Property taxes receivable	496,326	-	1,580,351	-	2,076,677
Utility deposit	5,517	-	-	-	5,517
<b>TOTAL ASSETS</b>	<u>\$ 1,146,689</u>	<u>\$ 15,216</u>	<u>\$ 1,940,383</u>	<u>\$ 677,647</u>	<u>\$ 3,779,935</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 38,588	\$ -	\$ -	\$ -	\$ 38,588
Total liabilities	<u>38,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,588</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property tax revenue	496,326	-	1,580,351	-	2,076,677
Total deferred inflows of resources	<u>496,326</u>	<u>-</u>	<u>1,580,351</u>	<u>-</u>	<u>2,076,677</u>
<b>FUND BALANCES</b>					
Restricted for:					
Emergency reserve (TABOR)	20,200	-	-	-	20,200
Conservation Trust	-	15,216	-	-	15,216
Future debt service	-	-	360,032	-	360,032
Capital projects	-	-	-	229,006	229,006
Committed for:					
Capital projects	-	-	-	448,641	448,641
Unassigned	591,575	-	-	-	591,575
Total fund balances	<u>611,775</u>	<u>15,216</u>	<u>360,032</u>	<u>677,647</u>	<u>1,664,670</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,146,689</u>	<u>\$ 15,216</u>	<u>\$ 1,940,383</u>	<u>\$ 677,647</u>	

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 as assets in the funds.

Capital assets, not being depreciated	5,567,499
Capital assets, net	2,587,018

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Cost of refunding	802,654
-------------------	---------

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

Bonds payable	(13,860,000)
Accrued interest payable - Bonds	(29,453)

Net position of governmental activities	<u>\$ (3,267,612)</u>
---	-----------------------

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2017**

	<u>General</u>	<u>Conservation Trust</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property taxes	\$ 591,140	\$ -	\$ 1,540,397	\$ -	\$ 2,131,537
Specific ownership taxes	64,752	-	168,745	-	233,497
Facilities fees	-	-	-	4,000	4,000
Conservation Trust entitlements	-	7,655	-	-	7,655
Net interest income	8,716	155	12,451	7,627	28,949
Community Center fees	2,700	-	-	-	2,700
Pool user fees	4,900	-	-	-	4,900
Other income	998	-	-	-	998
Total revenues	<u>673,206</u>	<u>7,810</u>	<u>1,721,593</u>	<u>11,627</u>	<u>2,414,236</u>
<b>EXPENDITURES</b>					
General, administrative and operations					
Accounting	42,748	-	-	-	42,748
Audit	8,000	-	-	-	8,000
County Treasurer's fees	8,876	-	23,128	-	32,004
Directors' fees	1,700	-	-	-	1,700
District management	34,845	-	-	-	34,845
Insurance	11,626	-	-	-	11,626
Legal	20,341	-	-	-	20,341
Holiday lights	17,011	-	-	-	17,011
Street light maintenance	18,710	-	-	-	18,710
Landscape maintenance	220,723	-	-	-	220,723
Community Center, pool and parks	144,692	4,343	-	-	149,035
Miscellaneous	1,784	-	-	-	1,784
Capital outlay	-	-	-	145,941	145,941
Debt service					
Bond principal	-	-	1,245,000	-	1,245,000
Bond interest	-	-	385,178	-	385,178
Paying agent/trustee fees	-	-	300	-	300
Total expenditures	<u>531,056</u>	<u>4,343</u>	<u>1,653,606</u>	<u>145,941</u>	<u>2,334,946</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>142,150</u>	<u>3,467</u>	<u>67,987</u>	<u>(134,314)</u>	<u>79,290</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	185,500	185,500
Transfers out	(185,500)	-	-	-	(185,500)
Total other financing sources (uses)	<u>(185,500)</u>	<u>-</u>	<u>-</u>	<u>185,500</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(43,350)	3,467	67,987	51,186	79,290
<b>FUND BALANCES - BEGINNING OF YEAR</b>	655,125	11,749	292,045	626,461	1,585,380
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 611,775</u>	<u>\$ 15,216</u>	<u>\$ 360,032</u>	<u>\$ 677,647</u>	<u>\$ 1,664,670</u>

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$	79,290
--	----	--------

Governmental funds report capital outlay 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 costs of any depreciable asset over the estimated useful life of the asset.

Capital outlay		145,941
Depreciation		(161,869)

The issuance of long-term debt (e.g. bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Current year bond principal payment		1,245,000
-------------------------------------	--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Cost of refunding - amortization		(166,746)
Accrued interest on bonds - Change in liability		<u>2,645</u>

Change in net position of governmental activities	\$	<u><u>1,144,261</u></u>
---	----	-------------------------

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 591,139	\$ 591,139	\$ 591,140	\$ 1
Specific ownership taxes	53,200	62,050	64,752	2,702
Net interest income	3,000	9,580	8,716	(864)
Community Center fees	3,000	3,000	2,700	(300)
Pool user fees	5,600	4,900	4,900	-
Reimbursed expenditures	5,000	-	-	-
Other income	-	1,000	998	(2)
Total revenues	<u>660,939</u>	<u>671,669</u>	<u>673,206</u>	<u>1,537</u>
<b>EXPENDITURES</b>				
General, administrative and operations				
Accounting	45,000	45,000	42,748	2,252
Audit	8,000	8,000	8,000	-
County Treasurer's fees	8,870	8,870	8,876	(6)
Directors' fees	2,000	2,000	1,700	300
District management	38,000	38,500	34,845	3,655
Insurance	11,400	11,626	11,626	-
Legal	30,000	20,000	20,341	(341)
Holiday lights	10,000	10,000	17,011	(7,011)
Street light maintenance	12,000	15,000	18,710	(3,710)
Landscape maintenance	185,000	230,000	220,723	9,277
Community Center, pool and parks	182,000	165,000	144,692	20,308
Miscellaneous	3,500	3,500	1,784	1,716
Contingency	11,230	12,504	-	12,504
Total expenditures	<u>547,000</u>	<u>570,000</u>	<u>531,056</u>	<u>38,944</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>113,939</u>	<u>101,669</u>	<u>142,150</u>	<u>40,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(82,000)	(203,000)	(185,500)	17,500
Total other financing sources (uses)	<u>(82,000)</u>	<u>(203,000)</u>	<u>(185,500)</u>	<u>17,500</u>
<b>NET CHANGE IN FUND BALANCES</b>	31,939	(101,331)	(43,350)	57,981
<b>FUND BALANCES - BEGINNING OF YEAR</b>	568,563	655,125	655,125	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 600,502</u>	<u>\$ 553,794</u>	<u>\$ 611,775</u>	<u>\$ 57,981</u>

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Pinery West Metropolitan District No. 2 (District) is a quasi-municipal corporation located in Douglas County, Colorado. The District's Service Plan, as approved by Douglas County and amended in September 2001, limited certain District statutory powers. The District is governed pursuant to provisions of the Colorado Special District Act to finance the construction, operation and maintenance of facilities located within the District.

The District was organized concurrently with Pinery West Metropolitan District No. 1 (District No. 1). On March 26, 2008, District No. 1's Board of Directors passed a resolution approving the dissolution of District No. 1. Consequently, the District now acts for both Districts. The District Court of Douglas County, Colorado signed and granted District No. 1's petition to dissolve on December 5, 2008, and the court's order was recorded on December 11, 2008. Due to the dissolution of District No. 1, all of District No. 1's service contracts, assets (including the community center) and obligations were transferred to the District. The District has the power to provide water, sanitation, storm drainage, streets, traffic and safety controls, park and recreation improvements, and other related improvements for the benefit of taxpayers and service users within the Districts' boundaries. The Service Plan requires the District to convey the constructed improvements for all streets and certain traffic safety and storm drainage facilities to Douglas County for ownership and maintenance. Water and sewer improvements were conveyed to Denver Southeast Suburban Water and Sanitation District. Park and recreation improvements, landscape improvements and certain traffic safety and storm drainage facilities are currently being maintained by the District.

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-wide and Fund Financial Statements**

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

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 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. Property taxes are recognized as revenues in the year for which they are levied. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay is shown as increases in assets and redemption of bonds 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 and facilities fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Conservation Trust Fund (a Capital Projects Fund) is used to account for financial resources received from the State's Conservation Trust Fund to be used for the maintenance or acquisition and construction of recreational facilities.

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

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

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

**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 and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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

**Pooled Cash and Investments**

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

**Property Taxes**

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

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

**Capital Assets**

Capital assets, which include property and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are generally 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 following estimated economic useful lives:

Community Center	30 years
Drainage improvements	25 years
Equipment	5 - 6 years
Monuments	25 years
Parking improvements	15 years
Playground equipment	15 years
Streetscape	15 years

**Facilities Fee**

Facilities fee of \$1,000 per each residential dwelling unit are charged against properties within the District. The facilities fee is due at the time of issuance of a building permit.

**Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

**Equity**

***Net Position***

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed. See Note 6 for details of the District's net position.

***Fund Balance***

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

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

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

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 3 - CASH AND INVESTMENTS**

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

Statement of net position:

Cash and investments	\$ 1,067,950
Cash and investments - Restricted	<u>611,284</u>
Total cash and investments	<u>\$ 1,679,234</u>

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

Deposits with financial institutions	\$ 8,315
Investments	<u>1,670,919</u>
Total cash and investments	<u>\$ 1,679,234</u>

**Deposits with Financial Institutions**

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

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

At December 31, 2017, the District's cash deposits had a bank balance of \$9,071 and a carrying balance of \$8,315. \$250,000 per institution is insured through the FDIC and the balance, if any, is collateralized in single institution pools.

**Investments**

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

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

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

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

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

<b>Investment</b>	<b>Maturity</b>	<b>Amount</b>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 1,670,919</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is 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 the Trust. The Trust 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.

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 4 - CAPITAL ASSETS**

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

<u>By Classification</u>	<u>Balance December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2017</u>
Capital assets, not being depreciated:				
Storm sewer/detention pond/land improvements	\$ 5,138,097	\$ -	\$ -	\$ 5,138,097
Parks	396,620	-	-	396,620
Preble mouse project	32,782	-	-	32,782
Total capital assets, not being depreciated	<u>5,567,499</u>	<u>-</u>	<u>-</u>	<u>5,567,499</u>
Capital assets, being depreciated:				
Community Center	3,060,715	-	-	3,060,715
Drainage improvements	36,800	-	-	36,800
Equipment	19,919	-	-	19,919
Monuments	76,719	68,993	-	145,712
Parking improvements	9,840	-	-	9,840
Playground equipment	68,848	-	-	68,848
Streetscape	666,554	76,948	-	743,502
Total capital assets, being depreciated	<u>3,939,395</u>	<u>145,941</u>	<u>-</u>	<u>4,085,336</u>
Less: accumulated depreciation for:				
Community Center	(1,173,274)	(102,024)	-	(1,275,298)
Drainage improvements	(2,208)	(1,472)	-	(3,680)
Equipment	(11,831)	(1,675)	-	(13,506)
Monuments	(9,207)	(7,014)	-	(16,221)
Parking improvements	(984)	(656)	-	(1,640)
Playground equipment	(16,065)	(4,590)	-	(20,655)
Streetscape	(122,880)	(44,438)	-	(167,318)
Total accumulated depreciation	<u>(1,336,449)</u>	<u>(161,869)</u>	<u>-</u>	<u>(1,498,318)</u>
Capital assets being depreciated, net	<u>2,602,946</u>	<u>(15,928)</u>	<u>-</u>	<u>2,587,018</u>
Governmental activities capital assets, net	<u>\$ 8,170,445</u>	<u>\$ (15,928)</u>	<u>\$ -</u>	<u>\$ 8,154,517</u>

Depreciation expense, totaling \$161,869, was charged to the general government function of the District for the year ended December 31, 2017.

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS**

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

	<u>Balance December 31, 2016</u>	<u>Additions</u>	<u>Payments/ Reductions</u>	<u>Balance December 31, 2017</u>	<u>Due Within One Year</u>
General Obligation Limited Tax Refunding Bonds, Series 2016	\$ 15,105,000	\$ -	\$ 1,245,000	\$ 13,860,000	\$ 1,320,000

On January 20, 2016, the District issued \$16,480,000 General Obligation Limited Tax Refunding Bonds Series 2016 (Bonds) to refund the Series 2007 Bonds.

Interest on the Bonds, at a fixed rate of 2.55%, is payable semi-annually on June 1 and December 1. The Bonds' final maturity is December 1, 2026. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, on January 20, 2018, and on any date thereafter, upon payment of par and accrued interest without redemption premium. Further, the Bonds are subject to mandatory sinking fund redemption, in part, by lot, every December 1.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of collection costs: 1) the Required Mill Levy, 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and 3) any other legally available monies which the District determines to be treated as Pledged Revenue.

The Bonds have no requirements to maintain a Debt Service Reserve Fund; however, a Mill Levy Stabilization Fund has been established with an initial funding of \$126,500.

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable. The maximum Required Mill Levy is 50.000 mills, as may be adjusted for changes in the ratio of actual value to assessed value of property within the District. Such adjusted maximum mill levy for debt service is currently at 55.278 mills. For collection year 2017, the District levied 38.050 mills for debt service. For collection year 2018, the District levied 38.050 mills for debt service.

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

The Series 2016 Bonds principal and interest will mature as follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	1,320,000	353,430	1,673,430
2019	1,360,000	319,770	1,679,770
2020	1,440,000	285,090	1,725,090
2021	1,470,000	248,370	1,718,370
2022	1,545,000	210,885	1,755,885
2023-2026	6,725,000	436,560	7,161,560
	<u>\$ 13,860,000</u>	<u>\$ 1,854,105</u>	<u>\$ 15,714,105</u>

**Debt Authorization**

The District had authorized but unissued debt at December 31, 2017, for the following detailed purposes:

	<u>Authorized</u>				<u>Used</u>		<u>Unissued</u>
	<u>Election Held 11/3/1998</u>	<u>Election Held 11/7/2000</u>	<u>Election Held 5/7/2002</u>	<u>Total</u>	<u>2002 Bond Issue</u>	<u>2007 Bond Issue</u>	
Streets	\$ 4,500,000	\$ 4,500,000	\$ 6,000,000	\$ 15,000,000	\$ 7,615,000	\$ -	\$ 7,385,000
Traffic and safety	500,000	500,000	1,000,000	2,000,000	600,000	-	1,400,000
Water	2,000,000	2,000,000	7,000,000	11,000,000	5,600,000	-	5,400,000
Sewer	500,000	500,000	6,000,000	7,000,000	6,000,000	-	1,000,000
Park and recreation	500,000	500,000	4,000,000	5,000,000	2,000,000	-	3,000,000
Public transportation	500,000	500,000	-	1,000,000	-	-	1,000,000
	<u>8,500,000</u>	<u>8,500,000</u>	<u>24,000,000</u>	<u>41,000,000</u>	<u>21,815,000</u>	<u>-</u>	<u>19,185,000</u>
Operations and maintenance	150,000	150,000	1,000,000	1,300,000	-	-	1,300,000
Debt refunding	-	-	24,000,000	24,000,000	-	19,845,000	4,155,000
Intergovernmental contracts	8,500,000	8,500,000	25,000,000	42,000,000	-	-	42,000,000
Private entity reimbursement agreements	-	-	25,000,000	25,000,000	-	-	25,000,000
	<u>\$ 17,150,000</u>	<u>\$ 17,150,000</u>	<u>\$99,000,000</u>	<u>\$ 133,300,000</u>	<u>\$ 21,815,000</u>	<u>\$ 19,845,000</u>	<u>\$ 91,640,000</u>

The District's outstanding debt was issued pursuant to and in compliance with the Service Plan allowances. The maximum combined debt service and operation and maintenance mill levy for the District is 60.000 mills, as may be adjusted for changes in the ratio of actual value to assessed value of property within the District. Such adjusted maximum combined debt service and operation and maintenance mill levy is currently at 66.333 mills. For collection year 2017, the District levied a combined levy of 52.652 mills. For collection year 2018, the District levied a combined levy of 50.000 mills.

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

Pursuant to the Bonds Sale Certificate, the principal amount of the Bonds did not exceed the principal amount of the Series 2007 Bonds (Refunded Bonds) and the interest rate on the Bonds is lower than the interest rate on the Refunded Bonds; therefore, the Board of Directors of the District determined that no electoral authorization is necessary for the issuance of the Bonds.

**NOTE 6 - 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. As of December 31, 2017, the District had net investment in capital assets of \$8,154,517.

The restricted component of net position includes assets that are restricted for use by external parties such as creditors, grantors or contributors, or as imposed by laws and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2017, as follows:

Restricted net position:	
Emergency	\$ 20,200
Debt service	330,579
Conservation Trust	15,216
Capital projects	<u>229,006</u>
	<u><u>\$ 595,001</u></u>

The District had a deficit unrestricted net position as of December 31, 2017. The deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities.

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 7 - DISTRICT AGREEMENTS**

**Intergovernmental Agreement (Monument Escrow and Future Funding)**

On April 1, 2008, the District entered into an Intergovernmental Agreement (Monument Escrow and Future Funding) with Pinery West Metropolitan District No. 1 to memorialize their cooperation, commitment and understanding as to funding, escrow of such funds and construction of two entry monuments, and associated landscaping, that are required within the District and/or associated Douglas County dedicated right-of-way (for Filings 1J and 1K) at (i) Pradera Parkway/Raintree Drive and (ii) Raintree Drive/Barnwood Trail intersections. Pursuant to the Agreement, District No. 1, prior to its dissolution, deposited \$162,766 into an interest earning escrow account designated by the District. The District will pay all contractors and subcontractors constructing the monuments and will request funds from the escrow account. Any remaining escrow funds, after completion of the monuments and related landscaping, may be utilized by the District, in its sole discretion, for any lawful use. As of December 31, 2017, cumulative expenditures under this agreement totaled \$76,719, and the balance of the escrow account, including interest, totaled \$96,846.

**Letter Agreement (Preble Mouse Habitat Remediation)**

In connection with the District's five (5) year monitoring and compliance requirement related to Preble Mouse Habitat Remediation, District No. 1 agreed to fund an escrow account, in the amount of \$150,000, to pay for the costs of projects related to this requirement. The funds were escrowed in October 2008 and may only be utilized by the District for the remediation work until such time as the relevant agencies release the requirements. All disbursements from the escrow account must be approved by KDB Homes, Inc. The Agreement further provides that should the remediation costs exceed the escrow deposit, KDB Homes, Inc. will pay the balance. Any remaining escrow deposit, upon release of the requirement, will be returned to KDB Homes, Inc. As of December 31, 2017, the balance of the escrow account, including interest, totaled \$132,160.

**NOTE 8 - OPERATING TRANSFERS**

During 2017, the General Fund transferred \$185,500 to the Capital Projects Fund as follows: (i) \$4,000 as a matching contribution for every facilities fee received by the Capital Projects Fund, to fund reserves for future capital replacement; and (ii) \$181,500 to fund capital improvements.

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**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) 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 10 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to 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 5, 1998, a majority of the District's voters authorized the District to collect, retain and expend the full amount of all revenues received by the District during 1998 and each year thereafter, without regard to any limitations under TABOR.

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

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

**SUPPLEMENTARY INFORMATION**

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**CONSERVATION TRUST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2017**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Conservation Trust entitlements	\$ 9,000	\$ 7,655	\$ (1,345)
Net interest income	60	155	95
Total revenues	<u>9,060</u>	<u>7,810</u>	<u>(1,250)</u>
<b>EXPENDITURES</b>			
Community Center, pool and parks	<u>21,260</u>	<u>4,343</u>	<u>16,917</u>
Total expenditures	<u>21,260</u>	<u>4,343</u>	<u>16,917</u>
<b>NET CHANGE IN FUND BALANCES</b>	(12,200)	3,467	15,667
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>12,200</u>	<u>11,749</u>	<u>(451)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 15,216</u></u>	<u><u>\$ 15,216</u></u>

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2017**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Property taxes	\$ 1,540,395	\$ 1,540,397	\$ 2
Specific ownership taxes	138,640	168,745	30,105
Net interest income	1,500	12,451	10,951
Total revenues	<u>1,680,535</u>	<u>1,721,593</u>	<u>41,058</u>
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fees	23,106	23,128	(22)
Debt service			
Bond principal	1,245,000	1,245,000	-
Bond interest	385,177	385,178	(1)
Contingency	2,417	-	2,417
Paying agent/trustee fees	3,300	300	3,000
Total expenditures	<u>1,659,000</u>	<u>1,653,606</u>	<u>5,394</u>
<b>NET CHANGE IN FUND BALANCES</b>	21,535	67,987	46,452
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>281,843</u>	<u>292,045</u>	<u>10,202</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 303,378</u>	<u>\$ 360,032</u>	<u>\$ 56,654</u>

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Facilities fees	\$ 5,000	\$ 5,000	\$ 4,000	\$ (1,000)
Net interest income	3,000	5,000	7,627	2,627
Total revenues	<u>8,000</u>	<u>10,000</u>	<u>11,627</u>	<u>1,627</u>
<b>EXPENDITURES</b>				
Engineering - Preble mouse	500	-	-	-
Landscape improvements	30,000	155,000	145,941	9,059
Contingency	8,500	8,500	-	8,500
Total expenditures	<u>39,000</u>	<u>163,500</u>	<u>145,941</u>	<u>17,559</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(31,000)</u>	<u>(153,500)</u>	<u>(134,314)</u>	<u>19,186</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	82,000	203,000	185,500	(17,500)
Total other financing sources (uses)	<u>82,000</u>	<u>203,000</u>	<u>185,500</u>	<u>(17,500)</u>
<b>NET CHANGE IN FUND BALANCES</b>	51,000	49,500	51,186	1,686
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>624,465</u>	<u>626,461</u>	<u>626,461</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 675,465</u>	<u>\$ 675,961</u>	<u>\$ 677,647</u>	<u>\$ 1,686</u>

**PINERY WEST METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2017**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$16,480,000 General Obligation Limited Refunding Bonds, Series 2016 Issued on January 20, 2016 Principal Due December 1 Interest at 2.55%, Payable June 1 and December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	1,320,000	353,430	1,673,430
2019	1,360,000	319,770	1,679,770
2020	1,440,000	285,090	1,725,090
2021	1,470,000	248,370	1,718,370
2022	1,545,000	210,885	1,755,885
2023	1,585,000	171,487	1,756,487
2024	1,660,000	131,070	1,791,070
2025	1,705,000	88,740	1,793,740
2026	1,775,000	45,263	1,820,263
	<b>\$ 13,860,000</b>	<b>\$ 1,854,105</b>	<b>\$ 15,714,105</b>

**PINERY WEST METROPOLITAN DISTRICT NO. 2  
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>Percent Change</u>	<u>Mills Levied</u>		<u>Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2013	\$ 31,077,520	1.5%	14.602	43.050	\$ 1,791,681	\$ 1,789,262	99.86%
2014	\$ 32,004,230	3.0%	14.602	43.050	\$ 1,845,108	\$ 1,844,571	99.97%
2015	\$ 32,704,100	2.2%	14.602	43.050	\$ 1,885,457	\$ 1,884,280	99.94%
2016	\$ 39,911,750	22.0%	14.602	43.050	\$ 2,300,992	\$ 2,300,746	99.99%
2017	\$ 40,483,450	1.4%	14.602	38.050	\$ 2,131,534	\$ 2,131,537	100.00%
Estimated for year ending December 31, 2018	\$ 41,533,540	2.6%	11.950	38.050	\$ 2,076,677		

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.