

WRIGHT FARMS METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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March 28, 2018

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Independent Auditor's Report

Board of Directors
Wright Farms Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Wright Farms Metropolitan District as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District.

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 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 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 Wright Farms Metropolitan District as of December 31, 2017, and the respective changes in financial position, cash flows 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 opinion on the basic financial statements are not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

L. Paul Goedecke P.C.

L. Paul Goedecke, P.C.
March 12, 2018

BASIC FINANCIAL STATEMENTS

WRIGHT FARMS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 2,066,492
Cash and investments - Restricted	38,662
Receivable - County Treasurer	2,976
Property taxes receivable	422,492
Interest receivable	756
Prepaid expenses	10,733
Capital assets not being depreciated	461,153
Capital assets, net	<u>1,334,632</u>
Total assets	<u><u>4,337,896</u></u>
LIABILITIES	
Accounts payable	<u>24,281</u>
Total liabilities	<u><u>24,281</u></u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	<u>422,492</u>
Total deferred inflows of resources	<u><u>422,492</u></u>
NET POSITION	
Net investment in capital assets	1,795,785
Restricted for:	
Emergency reserves	14,000
Conservation Trust Fund	24,662
Unrestricted	<u>2,056,676</u>
Total net position	<u><u>\$ 3,891,123</u></u>

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

WRIGHT FARMS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 398,321	\$ -	\$ 21,177	\$ -	\$ (377,144)
	<u>\$ 398,321</u>	<u>\$ -</u>	<u>\$ 21,177</u>	<u>\$ -</u>	<u>(377,144)</u>
General revenues:					
Property taxes					379,227
Specific ownership taxes					36,598
Net investment income					20,702
Other					2,811
Total general revenues					<u>439,338</u>
Change in net position					62,194
Net position - Beginning					3,828,929
Net position - Ending					<u>\$ 3,891,123</u>

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

**WRIGHT FARMS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Conservation Trust	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,066,492	\$ -	\$ 2,066,492
Cash and investments - Restricted	14,000	24,662	38,662
Interest receivable	756	-	756
Prepaid expenses	10,733	-	10,733
Accounts receivable - County Treasurer	2,976	-	2,976
Property taxes receivable	422,492	-	422,492
TOTAL ASSETS	\$ 2,517,449	\$ 24,662	\$ 2,542,111
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 24,281	\$ -	\$ 24,281
Total liabilities	24,281	-	24,281
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	422,492	-	422,492
Total deferred inflows of resources	422,492	-	422,492
FUND BALANCES			
Nonspendable:			
Prepaid amounts	10,733	-	10,733
Restricted for:			
Emergencies (TABOR)	14,000	-	14,000
Conservation Trust Fund	-	24,662	24,662
Unassigned:			
General government	2,045,943	-	2,045,943
Total fund balances	2,070,676	24,662	2,095,338
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,517,449	\$ 24,662	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Net position of governmental activities

1,795,785

\$ 3,891,123

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

WRIGHT FARMS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Conservation Trust</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 379,227	\$ -	\$ 379,227
Specific ownership tax	36,598	-	36,598
Conservation trust proceeds	-	21,177	21,177
Net investment income	19,957	745	20,702
Other revenue	2,811	-	2,811
Total revenues	<u>438,593</u>	<u>21,922</u>	<u>460,515</u>
EXPENDITURES			
Accounting	40,345	-	40,345
Audit	3,850	-	3,850
Bank fees	344	-	344
Conservation Trust Fund projects	64,551	-	64,551
County Treasurer's fee	5,692	-	5,692
Directors' fees	4,400	-	4,400
Dues and licenses	791	-	791
Insurance and bonds	7,973	-	7,973
Landscape maintenance and repairs	66,939	-	66,939
Legal	42,866	-	42,866
Management	3,317	-	3,317
Other expenses	2,945	-	2,945
Other maintenance and repairs	40,490	-	40,490
Payroll taxes	337	-	337
Tree maintenance	14,842	-	14,842
Utilities	50,215	-	50,215
Website design	409	-	409
Capital outlay	31,148	-	31,148
Total expenditures	<u>381,454</u>	<u>-</u>	<u>381,454</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>57,139</u>	<u>21,922</u>	<u>79,061</u>
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	64,551	(64,551)	-
Total other financing sources (uses)	<u>64,551</u>	<u>(64,551)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	121,690	(42,629)	79,061
FUND BALANCES - BEGINNING OF YEAR	<u>1,948,986</u>	<u>67,291</u>	<u>2,016,277</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,070,676</u>	<u>\$ 24,662</u>	<u>\$ 2,095,338</u>

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

**WRIGHT FARMS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net changes in fund balances - Total governmental funds	\$	79,061
<p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay, the conveyance of capital assets to other governments, and depreciation expense in the current period are as follows:</p>		
Capital outlay		95,699
Depreciation		<u>(112,566)</u>
Change in net position of governmental activities	\$	<u><u>62,194</u></u>

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

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 379,227	\$ 379,227	\$ -
Specific ownership tax	30,340	36,598	6,258
Net investment income	9,600	19,957	10,357
Other revenue	-	2,811	2,811
Total revenues	<u>419,167</u>	<u>438,593</u>	<u>19,426</u>
EXPENDITURES			
Current			
Accounting	45,000	40,345	4,655
Audit	3,800	3,850	(50)
Bank fees	500	344	156
Community relations	7,500	-	7,500
Conferences and seminars	1,500	-	1,500
County Treasurer's fee	5,688	5,692	(4)
Directors' fees	6,000	4,400	1,600
Dues and licenses	750	791	(41)
Insurance and bonds	7,500	7,973	(473)
Landscape maintenance and repairs	80,000	66,939	13,061
Legal	40,000	42,866	(2,866)
Management	4,000	3,317	683
Other expenses	6,000	2,945	3,055
Other maintenance and repairs	50,000	40,490	9,510
Payroll taxes	459	337	122
Tree maintenance	10,000	14,842	(4,842)
Utilities	70,000	50,215	19,785
Website design	2,000	409	1,591
Contingency	16,286	-	16,286
Capital			
Capital improvement projects	50,000	12,995	37,005
Conservation Trust Fund projects	93,017	64,551	28,466
Tennis court renovation	-	18,153	(18,153)
Total expenditures	<u>500,000</u>	<u>381,454</u>	<u>118,546</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(80,833)</u>	<u>57,139</u>	<u>137,972</u>
OTHER FINANCING SOURCES (USES)			
Transfer from (to) other funds	93,017	64,551	(28,466)
Total other financing sources (uses)	<u>93,017</u>	<u>64,551</u>	<u>(28,466)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	12,184	121,690	109,506
FUND BALANCES - BEGINNING OF YEAR	1,926,906	1,948,986	22,080
FUND BALANCES - END OF YEAR	<u>\$ 1,939,090</u>	<u>\$ 2,070,676</u>	<u>\$ 131,586</u>

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

WRIGHT FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Wright Farms Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of Adams County, on January 3, 1986, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide parks and recreational facilities, flood and surface drainage facilities, storm sewer facilities and safety protection facilities within its boundaries. The District's service area is located entirely in Adams County, Colorado.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. 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 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.

WRIGHT FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. 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 the lottery proceeds received from the State. This revenue is restricted for parks and recreational purposes under State statutes.

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.

WRIGHT FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 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 uncollected property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. 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:

Pedestrian bridge/trails	30 years
Irrigation system	20 years
Fencing/signs	10-20 years
Playground and park equipment	10-20 years
Lighting	10 years
Tennis courts/basketball courts	10 years

WRIGHT FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow of Resources

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.

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.

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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments	\$2,066,492
Cash and investments - Restricted	38,662
	\$2,105,154

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

Deposits with financial institutions	\$ 9,231
Certificates of deposit	1,010,506
Investments	1,085,417
	\$2,105,154

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 \$45,303 and a carrying balance of \$9,231.

At December 31, 2017, the District had certificates of deposit with a bank balance and a carrying balance of \$1,010,506. \$750,000 is insured through the FDIC and \$260,506 is collateralized through single institution pools.

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

Colorado 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.

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 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:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	<u>\$ 1,085,417</u>

WRIGHT FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**WRIGHT FARMS METROPOLITAN DISTRICT
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 at December 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2017</u>
Capital assets not being depreciated				
Landscape improvements	\$ 430,005	\$ 12,995	\$ -	\$ 443,000
Tennis court renovation	-	18,153	-	18,153
Total capital assets not being depreciated	<u>430,005</u>	<u>31,148</u>	<u>-</u>	<u>461,153</u>
Capital assets being depreciated				
Pedestrian bridge/trail	606,727	-	-	606,727
Storm drainage improvements	58,180	-	-	58,180
Irrigation system	217,322	-	-	217,322
Entryway monuments and fencing	816,511	-	-	816,511
Picnic pavilion/gazebos	213,127	-	-	213,127
Playground and park equipment	168,790	64,551	-	233,341
Lighting	11,133	-	-	11,133
Basketball court	44,573	-	-	44,573
Tennis courts	49,753	-	-	49,753
Total historical cost	<u>2,186,116</u>	<u>64,551</u>	<u>-</u>	<u>2,250,667</u>
Less accumulated depreciation for:				
Pedestrian bridge/trail	(50,560)	(20,225)	-	(70,785)
Storm drainage improvements	(7,999)	(2,909)	-	(10,908)
Irrigation system	(188,944)	(3,475)	-	(192,419)
Entryway monuments and fencing	(322,696)	(52,117)	-	(374,813)
Picnic pavilion/gazebos	(54,269)	(11,125)	-	(65,394)
Playground and park equipment	(89,642)	(16,208)	-	(105,850)
Lighting	(10,739)	(394)	-	(11,133)
Basketball court	(32,546)	(4,011)	-	(36,557)
Tennis courts	(46,074)	(2,102)	-	(48,176)
Total accumulated depreciation	<u>(803,469)</u>	<u>(112,566)</u>	<u>-</u>	<u>(916,035)</u>
Total capital asset being depreciated	<u>1,382,647</u>	<u>(48,015)</u>	<u>-</u>	<u>1,334,632</u>
Total capital assets, net	<u>\$ 1,812,652</u>	<u>\$ (16,867)</u>	<u>\$ -</u>	<u>\$ 1,795,785</u>

In prior years, the County accepted ownership of roads and storm drainage improvements constructed by the District. The District's cost of these improvements has been removed from the District's general fixed asset listing. The District is responsible for maintenance of the storm drainage improvements owned by the County.

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

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities	
General government	\$ 112,566
Total depreciation expense - Governmental activities	<u>\$ 112,566</u>

NOTE 5 - 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 investments in capital assets in the amount of \$1,795,785.

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

Restricted net position:	
Emergency reserves	\$ 14,000
Conservation trust funds	<u>24,662</u>
Balance, December 31, 2017	<u>\$ 38,662</u>

The unrestricted component of net position is the net amount of the assets, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 6 - INTERGOVERNMENTAL AGREEMENTS

On April 19, 2001, the District entered into an agreement with Adams County School District 12 (Adams 12) for the design, construction, and maintenance, and financing of tennis facilities for joint use by Adams 12 and the District.

The District leased the property underlying the Tennis Facilities for a period of 10 years, for the price of \$1.00 a year. The lease shall automatically be extended on the same terms for two subsequent terms of ten (10) years each unless either party provides written notice to the other party of its intention not to extend the lease no later than six months prior to termination of the initial term of any subsequent term.

In 2010 the lease was automatically extended to 2020.

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

NOTE 7 - INTERFUND TRANSFERS

The transfer of \$64,551 from the Conservation Trust Fund to the General Fund was to pay for playground equipment eligible to be paid with lottery proceeds which are restricted for recreation purposes under State statutes.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 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.

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.

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.

WRIGHT FARMS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On May 3, 1994, the voters within the District authorized an increase in property taxes generated from an operations and maintenance mill levy of up to \$100,000 annually.

The \$100,000 annual increase is considered to be in addition to any other limitation, provided that the operations and maintenance mill levy does not exceed 23 mills.

On November 6, 2012, voters within the District approved an election question allowing the District to receive grant revenues without regard to any spending, revenue-raising, or other limitation contained within TABOR.

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

SUPPLEMENTARY INFORMATION

**WRIGHT FARMS METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Conservaton trust proceeds	\$ 25,000	\$ 21,177	\$ (3,823)
Net investment income	170	745	575
Total revenues	<u>25,170</u>	<u>21,922</u>	<u>(3,248)</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,170</u>	<u>21,922</u>	<u>(3,248)</u>
OTHER FINANCING SOURCES (USES)			
Transfer from (to) other funds	<u>(93,017)</u>	<u>(64,551)</u>	<u>28,466</u>
Total other financing sources (uses)	<u>(93,017)</u>	<u>(64,551)</u>	<u>28,466</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(67,847)	(42,629)	25,218
FUND BALANCES - BEGINNING OF YEAR	<u>67,847</u>	<u>67,291</u>	<u>(556)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 24,662</u>	<u>\$ 24,662</u>

**WRIGHT FARMS METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2017**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied General Operations</u>	<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2013	\$ 17,804,240	20.000	\$ 356,085	\$ 356,871	100.22%
2014	\$ 17,822,750	20.000	\$ 356,455	\$ 357,259	100.23%
2015	\$ 17,828,940	20.000	\$ 356,579	\$ 356,518	99.98%
2016	\$ 21,083,400	18.000	\$ 379,501	\$ 380,435	100.25%
2017	\$ 21,068,140	18.000	\$ 379,227	\$ 379,227	100.00%
Estimated for year ending December 31, 2018	\$ 26,405,730	16.000	\$ 422,492		

NOTE:

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.