

**FLATIRON MEADOWS METROPOLITAN DISTRICT
Boulder County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2018

**FLATIRON MEADOWS METROPOLITAN DISTRICT
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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Flatiron Meadows Metropolitan District
Boulder County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Flatiron Meadows Metropolitan District as of and for the year December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Flatiron Meadows Metropolitan District, as of December 31, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Flatiron Meadows Metropolitan District's basic financial statements. The Supplementary Information and the Other Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Daggio & Associates, P.C.

July 11, 2019

BASIC FINANCIAL STATEMENTS

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 614,177
Cash and Investments - Restricted	479,230
Prepaid Expenditures	345
Receivable from County Treasurer	4,513
Property Taxes Receivable	1,145,723
Total Assets	2,243,988
LIABILITIES	
Accounts Payable	8,857
Bond Interest Payable	32,373
Noncurrent Liabilities:	
Due Within One Year	75,000
Due in More Than One Year	9,487,234
Total Liabilities	9,603,464
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,145,723
Total Deferred Inflows of Resources	1,145,723
NET POSITION	
Restricted For:	
Emergency Reserves	17,500
Debt Service	431,214
Unrestricted	(8,953,913)
Total Net Position	\$ (8,505,199)

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 143,145	\$ -	\$ -	\$ -	\$ (143,145)
Interest and Related Costs on Long-Term Debt	395,001	-	-	393,000	(2,001)
Total Governmental Activities	\$ 538,146	\$ -	\$ -	\$ 393,000	(145,146)
GENERAL REVENUES					
Property Taxes					914,459
Specific Ownership Taxes					48,784
Interest Income					17,928
Total General Revenues					981,171
CHANGE IN NET POSITION					836,025
Net Position - Beginning of Year					(9,341,224)
NET POSITION - END OF YEAR					\$ (8,505,199)

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 614,177	\$ -	\$ -	\$ 614,177
Cash and Investments - Restricted	17,500	461,730	-	479,230
Receivable from County Treasurer	2,656	1,857	-	4,513
Prepaid Expenses	345	-	-	345
Property Taxes Receivable	733,263	412,460	-	1,145,723
Total Assets	\$ 1,367,941	\$ 876,047	-	\$ 2,243,988
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 8,857	\$ -	\$ -	\$ 8,857
Total Liabilities	8,857	-	-	8,857
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	733,263	412,460	-	1,145,723
Total Deferred Inflows of Resources	733,263	412,460	-	1,145,723
FUND BALANCES				
Nonspendable:				
Prepaid Expenditures	345	-	-	345
Restricted for:				
Emergency Reserves	17,500	-	-	17,500
Debt Service	-	463,587	-	463,587
Unassigned	607,976	-	-	607,976
Total Fund Balances	625,821	463,587	-	1,089,408
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,367,941	\$ 876,047	\$ -	

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

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	(7,580,000)
Bond Interest Payable	(32,373)
Developer Advances Payable	(1,982,234)
	(9,594,607)

Net Position of Governmental Activities	\$ (8,505,199)
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See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 538,083	\$ 376,376	\$ -	\$ 914,459
Specific Ownership Taxes	28,714	20,070	-	48,784
Interest Income	14,526	3,402	-	17,928
Development Fee	-	393,000	-	393,000
Total Revenues	<u>581,323</u>	<u>792,848</u>	<u>-</u>	<u>1,374,171</u>
EXPENDITURES				
Current:				
Accounting	58,175	-	-	58,175
Audit	4,700	-	-	4,700
County Treasurer's Fees	8,075	5,647	-	13,722
Director Fees	400	-	-	400
Dues and Memberships	935	-	-	935
Election	644	-	-	644
Insurance and Bonds	2,251	-	-	2,251
Bond Issue Costs	42,098	-	-	42,098
Legal	15,389	-	-	15,389
Miscellaneous	4,800	-	-	4,800
Payroll Taxes	31	-	-	31
Debt Service:				
Paying Agent Fees	-	3,000	-	3,000
Bond Principal	-	75,000	-	75,000
Bond Interest	-	392,321	-	392,321
Total Expenditures	<u>137,498</u>	<u>475,968</u>	<u>-</u>	<u>613,466</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	443,825	316,880	-	760,705
OTHER FINANCING SOURCES (USES)				
Repay Developer Advances - Principal	(520,000)	-	-	(520,000)
Total Other Financing Sources (Uses)	<u>(520,000)</u>	<u>-</u>	<u>-</u>	<u>(520,000)</u>
NET CHANGE IN FUND BALANCES	(76,175)	316,880	-	240,705
Fund Balances - Beginning of Year	<u>701,996</u>	<u>146,707</u>	<u>-</u>	<u>848,703</u>
FUND BALANCES - END OF YEAR	<u>\$ 625,821</u>	<u>\$ 463,587</u>	<u>\$ -</u>	<u>\$ 1,089,408</u>

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Governmental Funds \$ 240,705

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

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 report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Principal Payment	75,000
Repayment of Developer Advance - Principal	520,000

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.

Change in Accrued Bond Interest Payable	320
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Changes in Net Position of Governmental Activities	\$ 836,025
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**FLATIRON MEADOWS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual Amounts	Variance- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 538,644	\$ 538,644	\$ 538,083	\$ (561)
Specific Ownership Tax	32,320	32,320	28,714	(3,606)
Interest Income	8,600	8,600	14,526	5,926
Total Revenues	<u>579,564</u>	<u>579,564</u>	<u>581,323</u>	<u>1,759</u>
EXPENDITURES				
Accounting	50,000	58,200	58,175	25
Audit	5,000	5,000	4,700	300
County Treasurer's Fees	8,100	8,100	8,075	25
Director Fees	5,000	500	400	100
Dues and Memberships	850	1,000	935	65
Engineering	10,000	10,000	-	10,000
Election	5,000	1,000	644	356
Insurance and Bonds	2,360	3,000	2,251	749
Bond Issue Costs	400,000	45,000	42,098	2,902
Legal	40,000	40,000	15,389	24,611
Miscellaneous	4,200	4,000	4,800	(800)
Payroll Taxes	380	500	31	469
Storm drainage	50,000	50,000	-	50,000
Contingency	3,109	3,700	-	3,700
Total Expenditures	<u>583,999</u>	<u>230,000</u>	<u>137,498</u>	<u>92,502</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,435)	349,564	443,825	94,261
OTHER FINANCING SOURCES (USES)				
Repay Developer Advances - Principal	(520,000.00)	(520,000)	(520,000)	-
Total Other Financing Sources (Uses)	<u>(520,000.00)</u>	<u>(520,000)</u>	<u>(520,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(524,435)	(170,436)	(76,175)	94,261
Fund Balances - Beginning of Year	<u>717,751</u>	<u>717,751</u>	<u>701,996</u>	<u>(15,755)</u>
FUND BALANCES - END OF YEAR	<u>\$ 193,316</u>	<u>\$ 547,315</u>	<u>\$ 625,821</u>	<u>\$ 78,506</u>

See accompanying Notes to Basic Financial Statements.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 DEFINITION OF REPORTING ENTITY

Flatiron Meadows Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the Boulder County District Court on November 28, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the Town of Erie, Boulder County, Colorado ("Erie"). The District was established to provide financing for the design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks and recreation, sewer and drainage facilities, public transportation, mosquito control, and the operation and maintenance of the District.

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.

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.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Redemption of bonds is 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 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 taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term 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

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of 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 amended its annual budget for the year ended December 31, 2018.

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 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 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.

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.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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.

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 balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 614,177
Cash and Investments - Restricted	479,230
Total Cash and Investments	\$ 1,093,407

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	\$ 288,251
Investments	805,156
Total Cash and Investments	\$ 1,093,407

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, 2018, the District's cash deposits had a bank balance of \$318,255 and a carrying balance of \$288,251.

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.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted Average under 60 Days	\$ 805,156

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 at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

As of December 31, 2018, all capital assets have been dedicated to the Town of Erie or other governmental entities.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2018:

	Balance December 31, 2017	Additions	Retirement of Long-Term Obligations	Balance December 31, 2018	Due Within One Year
G.O. Limited Tax Bonds - Series 2016	\$ 7,655,000	\$ -	\$ 75,000	\$ 7,580,000	\$ 75,000
Developer Advances - Capital	2,502,234	-	520,000	1,982,234	-
Total	<u>\$ 10,157,234</u>	<u>\$ -</u>	<u>\$ 595,000</u>	<u>\$ 9,562,234</u>	<u>\$ 75,000</u>

The details of the District's long-term obligations are as follows:

Series 2016 General Obligation Limited Tax Bonds

On April 19, 2016, the District issued \$7,760,000 of General Obligation Limited Tax Bonds. The proceeds from the sale of the Bonds were used to (i) finance public improvements related to residential development in the District; and (ii) pay costs of issuing the Bonds. The Series 2016 Bonds bear an interest rate of 5.125% and mature on December 1, 2046. Interest is payable semi-annually on June 1 and December 1, and the principal is payable annually on December 1.

The Series 2016 Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) Property Tax Revenues, 2) Specific Ownership Tax Revenues, 3) Development Fees, and 4) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2021, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2021 to November 30, 2022	3.00%
December 1, 2022 to November 30, 2023	2.00%
December 1, 2023 to November 30, 2024	1.00%
December 1, 2024	0.00%

The Series 2016 Bonds are also subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, beginning on December 1, 2016 and continuing each year thereafter through the final maturity on December 1, 2046.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2016 General Obligation Limited Tax Bonds (Continued)

The Indenture requires that a Required Mill Levy be imposed each year in an amount sufficient, when combined with other legally available moneys then in the Bond Fund, to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of 50 mills less the amount of the Operations Mill Levy; provided however, that in the event the method of calculating assessed valuation is or was changed on or after September 12, 2006, the mill levy provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

In 2019 a General Fund mill levy will be imposed in an amount of 50.000 mills less the Debt Service Fund mill levy; and the Debt Service Fund mill levy will be imposed in an amount sufficient to pay debt service on the Bonds. Proceeds from the imposition of the General Fund mill levy will pay for operations and accumulate surplus cash balances that may be applied to future developer advances or future subordinate bonds.

The District's Series 2016 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 75,000	\$ 388,475	\$ 463,475
2020	85,000	384,631	469,631
2021	90,000	380,275	470,275
2022	105,000	375,663	480,663
2023	110,000	370,281	480,281
2024-2028	735,000	1,754,289	2,489,289
2029-2033	1,080,000	1,532,375	2,612,375
2034-2038	1,545,000	1,210,524	2,755,524
2039-2043	2,120,000	758,499	2,878,499
2044-2046	1,635,000	170,919	1,805,919
Total	<u>\$ 7,580,000</u>	<u>\$ 7,325,931</u>	<u>\$ 14,905,931</u>

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

On November 7, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$69,909,000 at an interest rate not to exceed 18% per annum. At December 31, 2018, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 07, 2006 Election	Series 2016 Authorization Used	Remaining at December 31, 2018
Streets	\$ 11,371,000	\$ 3,997,900	\$ 7,373,100
Traffic and Safety Controls	1,000,000	-	1,000,000
Water	5,212,000	959,200	4,252,800
Sanitary and Storm Sewer	10,905,000	2,698,700	8,206,300
Park and Recreation	3,466,000	104,200	3,361,800
Public Transportation	2,000,000	-	2,000,000
Mosquito Control	500,000	-	500,000
Operations and Maintenance Contracts	1,000,000	-	1,000,000
Bond Refunding	34,455,000	-	34,455,000
	<u>\$ 69,909,000</u>	<u>\$ 7,760,000</u>	<u>\$ 62,149,000</u>

Pursuant to the Service Plan, the District is permitted to issue debt up to \$24,500,000. In addition, the maximum mill levy for the District is 50.000 mills, as may be adjusted for changes in the calculation of assessed valuation of property within the District.

During 2017, the residential assessment rate was changed from 7.96% to 7.20%. Based upon the 2017 assessed valuation, the service plan limitation of 50.000 mills could be increased to 55.278 mills.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within and outside of the District boundaries.

Developer Advance

The District has entered into Reimbursement Agreements with the Developer as follows:

Developer Infrastructure Acquisition Agreement

On June 1, 2012 the District entered into an Infrastructure Acquisition Agreement (the "Acquisition Agreement") with Bayou Development Corp., to repay acquisitions made by the Developer, without interest, for capital improvement costs. The District's repayment obligation pursuant to this agreement is subject to annual appropriation. At December 31, 2018, the District owed the Developer the principal amount of \$1,982,234.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Partial Assignment of Rights under Infrastructure Acquisition Agreement

On October 30, 2015 the District entered into a Partial Assignment of Rights Under the Infrastructure Acquisition Agreement with the Developer and HT Flatiron LP, pursuant to which the Developer assigned to HT Flatiron LP certain rights to payments owed by the District for completed Public Infrastructure under the Acquisition Agreement. The Partial Assignment revised the original Acquisition Agreement regarding interest, stating that interest “may accrue on the costs of the Public Infrastructure acquired by the District at a market rate at the time of the acquisition of the Public Infrastructure”.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2018, as follows:

Restricted Net Position:	
TABOR Emergency Service	\$ 17,500
Debt Service	431,214
Total Restricted Net Position	<u>\$ 448,714</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, all of which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTY

The Developer of the property which constitutes the District is Bayou Development Corp. The majority members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Additionally, one member of the Board of Directors provides consulting services to the District. During 2018, \$4,800 was paid for such consulting services.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

NOTE 9 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 November 7, 2006, the District's voters approved an annual increase in taxes of \$1,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within 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.

SUPPLEMENTARY INFORMATION

**FLATIRON MEADOWS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance- Positive (Negative)
REVENUES			
Property Taxes	\$ 376,483	\$ 376,376	\$ (107)
Specific Ownership Taxes	22,590	20,070	(2,520)
Development Fees	240,000	393,000	153,000
Interest Income	1,500	3,402	1,902
Total Revenues	<u>640,573</u>	<u>792,848</u>	<u>152,275</u>
EXPENDITURES			
County Treasurer's Fees	5,600	5,647	(47)
Bond Principal Series 2016	75,000	75,000	-
Bond Interest Series 2016	392,319	392,321	(2)
Paying Agent Fees	3,000	3,000	-
Contingency	4,081	-	4,081
Total Expenditures	<u>480,000</u>	<u>475,968</u>	<u>4,032</u>
NET CHANGE IN FUND BALANCES	160,573	316,880	156,307
Fund Balances - Beginning of Year	<u>75,876</u>	<u>146,707</u>	<u>70,831</u>
FUND BALANCES - END OF YEAR	<u>\$ 236,449</u>	<u>\$ 463,587</u>	<u>\$ 227,138</u>

**FLATIRON MEADOWS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance- Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Capital Outlay Costs	14,088,301	-	14,088,301
Total Expenditures	14,088,301	-	14,088,301
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,088,301)	-	14,088,301
OTHER FINANCING SOURCES (USES)			
Developer Advance	14,088,301	-	(14,088,301)
Bond Issuance	16,740,000	-	(16,740,000)
Repay Developer Advance - Capital - Principal	(16,740,000)	-	16,740,000
Total Other Financing Sources (Uses)	14,088,301	-	(14,088,301)
NET CHANGE IN FUND BALANCES	-	-	-
Fund Balances - Beginning of Year	-	-	-
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ -

OTHER INFORMATION

**FLATIRON MEADOWS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2018**

Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
			\$7,760,000
			General Obligation Limited Tax Bonds
			Series 2016
			Dated April 19, 2016
			Interest Rate of 5.125%
			Interest Due June 1 and December 1
			Principal Due December 1
2019	\$ 75,000	\$ 388,475	\$ 463,475
2020	85,000	384,631	469,631
2021	90,000	380,275	470,275
2022	105,000	375,663	480,663
2023	110,000	370,281	480,281
2024	125,000	364,644	489,644
2025	130,000	358,238	488,238
2026	150,000	351,575	501,575
2027	155,000	343,888	498,888
2028	175,000	335,944	510,944
2029	180,000	326,975	506,975
2030	205,000	317,750	522,750
2031	215,000	307,244	522,244
2032	235,000	296,225	531,225
2033	245,000	284,181	529,181
2034	270,000	271,625	541,625
2035	285,000	257,787	542,787
2036	310,000	243,181	553,181
2037	325,000	227,294	552,294
2038	355,000	210,637	565,637
2039	370,000	192,444	562,444
2040	400,000	173,481	573,481
2041	420,000	152,981	572,981
2042	455,000	131,456	586,456
2043	475,000	108,137	583,137
2044	515,000	83,794	598,794
2045	540,000	57,400	597,400
2046	580,000	29,725	609,725
	\$ 7,580,000	\$ 7,325,931	\$ 14,905,931

**FLATIRON MEADOWS METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED
DECEMBER 31, 2018**

Year Ended December 31,	Assessed Valuation for Current Year Property Tax Levy	Percent Increase	Mills Levied			Total Property Taxes		Percent Collected to Levied
			General	Debt Service	Total	Levied	Collected	
2016	\$ 11,808,901	82.68%	50.000	0.000	50.000	\$ 590,445	\$ 589,154	99.78 %
2017	11,557,229	-2.13%	19.698	30.302	50.000	577,865	528,879	91.52
2018	18,302,546	58.36%	29.430	20.570	50.000	915,127	914,459	99.93

Estimated for
year ending
December 31,
2019 \$ 22,914,458 25.20% 32.000 18.000 50.000 \$ 1,145,723

NOTE:

Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION OF CLASSES OF PROPERTY
IN THE DISTRICT
DECEMBER 31, 2018
UNAUDITED**

Property Class	2017		2018	
	Total	Percent	Total	Percent
Vacant	\$ 7,581,887	41.43%	\$ 7,308,120	31.89%
Residential	10,426,580	56.97%	15,098,667	65.89%
Oil and Gas	198,258	1.08%	108,484	0.47%
Industrial	5,238	0.03%	-	0.00%
State Assessed	88,541	0.48%	305,774	1.34%
Natural Resources	696	0.00%	696	0.00%
Commercial	1,317	0.01%	92,688	0.41%
Agricultural	29	0.00%	29	0.00%
Total	\$ 18,302,546	100.00%	\$ 22,914,458	100.00%

**FLATIRON MEADOWS METROPOLITAN DISTRICT
 SELECTED DEBT RATIOS OF THE DISTRICT
 DECEMBER 31, 2018
 UNAUDITED**

Direct Debt (1)	\$ 7,580,000
Overlapping Debt (2)	4,245,025
Total Direct Debt and Overlapping Debt	\$ 11,825,025
2017 District Assessed Valuation	\$ 22,914,458
Direct Debt to 2017 Assessed Valuation	33.1%
Direct Debt Plus Overlapping Debt to 2017 Assessed Valuation	51.6%
2017 Direct Estimated Statutory "Actual" Value (3)	\$ 236,408,084
Direct Debt to 2017 Estimated Statutory "Actual" Value	3.2%
Direct Debt Plus Overlapping Debt to 2017 Estimated Statutory "Actual" Value	5.0%

- (1) Consisting of the Bonds
- (2) Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt. See "Estimated Overlapping General Obligation Debt" and the footnote regarding the type of overlapping debt which is included
- (3) This figure has been calculated using a statutory formula under which assessed valuation is calculated at 7.20% of the statutory "actual" value of residential property in the District, and 29% of the statutory "actual" value of other property within the District (with certain specified exceptions). Statutory "actual" value is not intended to represent market value.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT
DECEMBER 31, 2018
UNAUDITED**

Entity (1)	2018 Assessed Valuation (2)	Outstanding General Obligation Debt	2018 District AV	Outstanding General Obligation Debt Attributable to the District (3) Percent	Debt
Boulder Valley School District RE-2	\$ 5,849,751,520	\$ 725,835,000	\$ 22,914,458	0.39%	\$ 2,830,757
Town of Erie	284,087,569	17,465,000	22,914,458	8.07%	1,409,426
Northern Colo. Water Conservancy Dist. (4)	17,645,466,000	3,725,324	22,914,458	0.13%	4,843
TOTAL:					<u>\$ 4,245,025</u>

- (1) The following entities also overlap the District, but have no reported general obligation debt outstanding: Boulder County; High Plains Library District; Mountain View Fire Protection District; and Urban Drainage and Flood Control District.
- (2) Assessed values certified in 2017 are for collection of ad valorem property taxes in 2018.
- (3) The percentage of each entity's outstanding debt chargeable to the District is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the District are responsible will also change.
- (4) The Northern Colorado Water Conservancy District (NCWCD) lies in eight counties. NCWCD's general obligation debt consists of a perpetual contract payable with the United States Bureau of Reclamation for the Horsetooth Dam Rehabilitation and Pole Hill Canal Refurbishment Projects.

**FLATIRON MEADOWS METROPOLITAN DISTRICT
DEVELOPMENT ACTIVITY
DECEMBER 31, 2018
UNAUDITED**

- (a) State the number of building permits which have been issued by the Town of Erie for property within the District for the following periods:
- | | | |
|-----|--|-----|
| (1) | Since the date of issuance of the Bonds: | 280 |
| (2) | During 2018: | 97 |

- (b) Provide the number of certificates of occupancy which have been issued by the Town of Erie for property within the District for the following periods:
- | | | |
|-----|--|-----|
| (1) | Since the date of issuance of the Bonds: | 248 |
| (2) | During 2018: | 115 |

- (c) Complete the following table as of the date of this Report:

Number of vacant lots:	185	
Number of homes under construction:	59	
Number of homes completed:	447	
Total:	691	
Number of completed homes closed to homeowners:	439	
Number of vacant lots under contract with homeowners:	6	
Number of homes under construction under contract with homeowners:	30	
Number of vacant lots not under contract:	179	
Number of homes under construction and not under contract:	29	
Number of completed homes not under contract:	8	(models)
Total:	691	

Note: At the time of Bond issuance, 704 single family residential units were anticipated. As of December 31, 2018, only 691 single family residential units are anticipated.