Parker Automotive Metropolitan District

2014 Annual Report

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

2014 ANNUAL REPORT

TO

THE TOWN OF PARKER

Pursuant to the Service Plan for Parker Automotive Metropolitan District ("Service Plan") dated April 5, 2004, and Section 10.11.040 of the Town of Parker's Municipal Code, the District is required to provide an annual report to the Town of Parker.

For the year ending December 31, 2014, the District makes the following report:

A. A summary of the progress of the District in implementing the Service Plan:

The District continues to implement its development schedule as contemplated in the Service Plan. All infrastructure to be completed by the District has been installed and the District remains in existence in order to discharge outstanding debt.

B. The audited financial statements including a statement of financial condition as of December 31 and a statement of operations:

A copy of the District's 2014 audit is attached hereto as **Exhibit A.**

C. A summary of the capital expenditures incurred by the District in development of public facilities, as well as any capital improvements or projects proposed to be undertaken in the next five (5) years:

Summaries of the District's capital expenditures and proposed capital improvements are contained in the 2014 audit attached hereto as **Exhibit A** and the 2015 Budget attached hereto as **Exhibit B**. No further significant capital expenditures or improvements are contemplated.

D. A summary of the financial obligations of the District including the total assessed valuation of all taxable properties within the District and the current mill levy pledged to debt retirement:

A summary of the District's financial obligations is included in the 2014 audit attached hereto as **Exhibit A**, and the District's current mill levy is contained in the 2015 budget attached hereto as **Exhibit B**. The assessed valuation of all taxable properties within the District is $4,273,980.

E. The District's budget:

The 2015 Budget is attached as **Exhibit B**.

F. A summary of residential and commercial development in the District:

The District does not have any residential development. Please see the 2014 audit, attached hereto as **Exhibit A,** for a summary of commercial development. It should be noted that since the end of 2014, additional commercial development has been initiated within the boundaries of the District and continues, including a CarMax facility.

G. A summary of all fees, charges and assessments imposed by the District:

There are currently no fees, charges or assessments imposed by the District.

H. Certification of the Board that no action, event or condition enumerated in Section 10.11.060 has occurred:

During 2014:

(1) There were no defaults in the payment of principal or interest of any of the District's bonds, notes, certificates, debentures, contracts or other evidences of indebtedness or borrowing issued or incurred by the District which: (i) persisted for a period of One Hundred Twenty (120) days or more; (ii) included an aggregate amount of either Fifty Thousand Dollars ($50,000) or 10% of the outstanding principal balance of the indebtedness; or (iii) creditors have not agreed in writing with the District to forbear from pursuit of legal remedies in connection with such indebtedness.

(2) The District has not failed to develop, cause to be developed or consented to the development by others of any capital facility proposed in the Service Plan when necessary to service approved development within the District.

(3) The District has not failed to realize at least Seventy-Five Percent (75%) of the development revenues projected in the financial portion of the Service Plan with a disparity between projected and realized revenue exceeding Fifty Thousand Dollars ($50,000.00), where development revenue is defined as fees, exactions and charges imposed by the District on residential and commercial development, excluding taxes.

(4) The District has not developed any capital facility in excess of $100,000 in cost, which is not either identified in the Service Plan or authorized by the Town in the course of a separate development approval, excluding bona fide cost projection miscalculations; and state or federally mandated improvements, particularly water or sanitation facilities.

(5) No event or condition has occurred which is defined under the Service Plan or intergovernmental agreement as necessitating a Service Plan amendment. It should be noted that on September 16, 2013, the First Amendment to the Service Plan was approved by the Town Council and remains in effect.

(6) There has been no material default by the District under any intergovernmental agreement with the Town.

(7) No events or conditions enumerated in Section 32-1-207(2), C.R.S., as amended, have occurred.

I. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Board:

Gary Michael Harrison
Concepts West Architecture
831 S. Nevada Ave., Suite 100
Colorado Springs, CO 80906
(719) 576-1555

ATTORNEY:
Kristen D. Bear, Esq.
White Bear Ankele Tanaka & Waldron, Attorneys at Law
2154 E. Commons Ave., Suite 2000
Centennial, CO 80122
(303) 858-1800

Regular Meetings: The second and fourth Thursday of each month at 10:00 a.m. at 2154 E. Commons Ave., Suite 2000, Centennial, CO 80122.

EXHIBIT A
2014 Audit

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2014

with

Independent Auditors' Report

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Parker Automotive Metropolitan District
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Parker Automotive Metropolitan District (the District), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2014, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Wagner Barnes & Griggs, PC

12136 W. Bayaud Avenue., Suite 300 · Lakewood, Colorado 80228
303.202.1800 Office · 303.237.0155 Fax · www.wbcpaco.com

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wagner Barnes & Griggs, PC

Lakewood, Colorado
May 4, 2015

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2014

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	$ 10,391	$ -	$ 10,391	$ -	$ 10,391
Cash and investments - restricted	778	94,247	95,025	-	95,025
Receivable County Treasurer	244	2,022	2,266	-	2,266
Property taxes receivable	29,918	247,891	277,809	-	277,809
Prepaid letter of credit fees	-	20,691	20,691	-	20,691
Total Assets	$ 41,331	$ 364,851	$ 406,182	-	406,182
LIABILITIES					
Accounts payable	$ 6,684	$ 20,131	$ 26,815	-	26,815
Accrued interest payable	-	-	-	2,718,171	2,718,171
Long-term liabilities					
Due within one year	-	-	-	70,000	70,000
Due in more than one year	-	-	-	14,285,000	14,285,000
Total Liabilities	6,684	20,131	26,815	17,073,171	17,099,986
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	29,918	247,891	277,809	-	277,809
Total Deferred Inflows of Resources	29,918	247,891	277,809	-	277,809
FUND BALANCES					
Fund Balances:					
Restricted:					
Emergencies	778	-	778	(778)	-
Debt service	-	96,829	96,829	(96,829)	-
Unassigned	3,951	-	3,951	(3,951)	-
Total Fund Balances	4,729	96,829	101,558	(101,558)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 41,331	$ 364,851	$ 406,182		
NET POSITION					
Restricted for:					
Emergencies				778	778
Debt service				76,698	76,698
Unrestricted				(17,049,089)	(17,049,089)
Total Net Position				$ (16,971,613)	$ (16,971,613)

The notes to the financial statements are an integral part of these statements.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Accounting and audit	$ 12,298	$ -	$ 12,298	$ -	$ 12,298
Insurance	2,602	-	2,602	-	2,602
Legal	16,834	-	16,834	-	16,834
Miscellaneous expenses	288	-	288	-	288
Election expense	1,367	-	1,367	-	1,367
Treasurer's fees	449	3,722	4,171	-	4,171
Bond interest expense - Series 2005	-	2,388	2,388	-	2,388
Bond principal - Series 2005	-	65,000	65,000	(65,000)	-
Bond interest expense - Series 2010 Sub	-	-	-	908,518	908,518
LOC fees	-	128,375	128,375	-	128,375
Extension fee	-	10,000	10,000	-	10,000
Paying agent fees/trustee fees	-	5,450	5,450	-	5,450
Bond restructuring costs	-	22,130	22,130	-	22,130
Remarketing Fees	-	9,800	9,800	-	9,800
Total Expenditures	33,838	246,865	280,703	843,518	1,124,221
GENERAL REVENUES					
Property taxes	29,947	248,136	278,083	-	278,083
Specific ownership taxes	2,705	22,414	25,119	-	25,119
Interest and other income	1	153	154	-	154
Total General Revenues	32,653	270,703	303,356	-	303,356
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,185)	23,838	22,653	(843,518)	(820,865)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(10,000)	10,000	-	-	-
Total Other Financing Sources (Uses)	(10,000)	10,000	-	-	-
NET CHANGES IN FUND BALANCES	(11,185)	33,838	22,653	(22,653)	-
CHANGE IN NET POSITION				(820,865)	(820,865)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	15,914	62,991	78,905	(16,229,653)	(16,150,748)
END OF YEAR	$ 4,729	$ 96,829	$ 101,558	$ (17,073,171)	$ (16,971,613)

The notes to the financial statements are an integral part of these statements.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 30,151	$ 29,947	$ (204)
Specific ownership taxes	2,111	2,705	594
Interest and other income	20,000	1	(19,999)
Total Revenues	52,262	32,653	(19,609)
EXPENDITURES			
Accounting and audit	12,000	12,298	(298)
Insurance	3,300	2,602	698
Legal	10,000	16,834	(6,834)
Miscellaneous expenses	500	288	212
Election expense	5,000	1,367	3,633
Treasurers fees	452	449	3
Contingency	10,334	-	10,334
Emergency reserve	938	-	938
Total Expenditures	42,524	33,838	8,686
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,738	(1,185)	(10,923)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	(10,000)	(10,000)	-
NET CHANGE IN FUND BALANCE	(262)	(11,185)	(10,923)
FUND BALANCE:			
BEGINNING OF YEAR	262	15,914	15,652
END OF YEAR	$ -	$ 4,729	$ 4,729

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Parker Automotive Metropolitan District, located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on June 28, 2004, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide water, sewer and street improvements, safety protection, and mosquito and erosion control services. By agreement, upon completion, the District will dedicate and transfer certain facilities to the Town of Parker (Town) or to Parker Water and Sanitation District, for maintenance and operation (see Note 6). When the facilities are complete and all debt issued by the District is paid or defeased, the Town may request dissolution of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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

<u>Measurement Focus, Basis of Accounting and Financial Statement Presentation</u>

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

> General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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 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 appropriation is at the total fund expenditures level and lapses at year end.

During November 2014, the District amended its total appropriations in the Debt Service Fund from $220,247 to $ 285,465 primarily due to restructuring costs associated with the Series 2005 bonds.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2014, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of six months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting under this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) 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. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. During 2010 all of the District's improvements were conveyed to the Town of Parker, and no new improvements have been completed.

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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $778 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $96,829 is restricted for the payment of the debt service costs associated with the General Obligation Variable Rate Bonds (Limited Tax Convertible to Unlimited Tax) Series 2005

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

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

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. At December 31, 2014, the District did not have any amounts to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2014, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 10,391
Cash and investments – Restricted	95,025
Total	$ 105,416

Cash and investments as of December 31, 2014 consist of the following:

Deposits with financial institutions	$ 21,906
Investments - CSAFE	83,510
	$ 105,416

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

As of December 31, 2014, the District had the following investments:

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (CSAFE), is rated AAAm by Standard and Poor's with a weighted average maturity of less than 60days. CSAFE 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 custodian agreements. 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 custodians' internal records identify the investments owned by CSAFE. At December 31, 2014 the district had $83,510 invested in CSAFE.

Custodial and Concentration of Credit Risk
None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk
Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2014, is as follows:

General Obligation Variable Rate Bonds (Limited Tax Convertible to Unlimited Tax), Series 2005
On May 19, 2005, the District issued $15,830,000 of General Obligation Variable Rate Bonds (Limited Tax Convertible to Unlimited Tax) Series 2005 ("Series 2005 Bonds") for the purpose of (1) reimbursing the Developer for the costs of certain public infrastructure, including streets, storm drainage, sanitary sewer and water distribution improvements; (ii) pay capitalized interest on the bonds; (iii) fund a Reserve Fund pledged to the Letter of Credit Bank, but not as security for the Bonds; and (iv) pay the costs of issuance of the bonds. From May 19, 2005 through November 30, 2008, the bonds were remarketed annually bearing interest in an annual mode. On December 1, 2008, the bonds were remarketed bearing interest in a weekly mode. Interest is payable on the fifth business day of each month while in the Weekly Mode. The interest mode may be changed, at the option of the District, to a daily, weekly, monthly, semi-annual or fixed rate mode.

The bonds are subject to a mandatory sinking fund redemption and are subject to an early redemption at the option of the District prior to maturity, without premium. The bonds are also subject to a mandatory purchase under certain circumstances and according to the terms of the Reimbursement Agreement. The 2005 Bonds are secured by Pledged Revenues including (i) the District's covenant to impose property taxes equal to the Required Mill Levy, and (ii) an irrevocable direct-pay Letter of Credit issued by U.S. Bank N.A. and a Reimbursement Agreement between the District, Capital Automotive REIT (the REIT) and U.S. Bank.

The principal amount of the bonds is comprised of an Unlimited Portion (principal amounts equal to or less than 50% of the assessed valuation of the District) and a Limited Portion (principal amounts not constituting the Unlimited Portion). The Required Mill Levy is a mill levy imposed upon all taxable property of the District each year: (i) with respect to the Unlimited Portion, in an amount sufficient to pay when due the principal, premium if any, and interest on the Unlimited

Portion, including an amount sufficient to make up any deficiencies in the Reserve Fund; and (ii) with respect to the Limited Portion, in an amount sufficient to pay when due the principal, premium if any, and interest on the Limited Portion, and to make up any deficiencies in the Reserve Fund. The maximum mill levy for the Limited Portion is 50 mills less the mill levy imposed for the Unlimited Portion, both adjusted for changes in the ratio of actual value to assessed value of property within the District, from the date of approval of the Service Plan. For collection year 2015 the District imposed a mill levy of 58 mills for debt service.

On June 24, 2009 the District entered into Second Amendment to Letter of Credit Reimbursement Agreement ("Amendment No. 2") whereby the Bank agreed to extend the Letter of Credit until November 10, 2010. In exchange for the $10,500,000 collateral, the Bank agreed to release Capital Automotive LLC from its guaranty of the reimbursement obligation. As a condition of the extension of the Letter of Credit the District agreed to use all available funds, except for $150,000, which was to be held in reserve, to pay for the costs associated with the execution of Amendment No. 2 (not in excess of $150,000), and to redeem Bonds on the earliest possible date. On August 3, 2009, $1,245,000 in Bonds were redeemed.

On December 30, 2010, the District entered into an Amended and Restated Letter of Credit Reimbursement Agreement with U.S. Bank N.A. The agreement extended the Letter of Credit to November 10, 2013. $10,500,000 of the Series 2005 Bonds were redeemed with moneys provided by the Capital Automotive LLC, as successor to REIT ("Capital Automotive"), pursuant to an existing Credit Agreement between the District and Capital Automotive. Capital Automotive received $10,500,000 of Subordinate General Obligation Limited Tax Refunding Bonds, Series 2010 ("Series 2010 Bonds"). The Series 2010 Bonds carry a fixed coupon rate of 7.4%, pay interest and principal annually on December 15 through 2040. The Series 2010 Bonds are secured by a required mill levy of 47.00 mills. To the extent the mill levy on the Series 2005 Bonds exceeds 47.00 mills, no payments would be due for the Series 2010 Bonds. As of December 31, 2014, the unpaid accrued interest on the Series 2010 Bonds was $2,718,171. While the remaining Series 2005 Bonds are in a variable rate mode, the District is subject to paying an annual remarketing fee of .25% on the outstanding Series 2005 Bonds. The bonds continue to be secured by a reserve requirement of $150,000. The reserve balance at December 31, 2014 was $96,829.

The Amended and Restated Letter of Credit Reimbursement Agreement with U.S. Bank N.A., described above was further amended on October 17, 2013 and May 9, 2014 extending the Letter of Credit to December 31, 2015.

The following is an analysis of changes in long-term debt for the period ending December 31, 2014:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014	Current Portion
General Obligation Variable Rate Bonds Series 2005	$ 3,920,000	$ -	$ 65,000	$ 3,855,000	$ 70,000
Subordinate General Obligation Limited Tax Refunding Bonds, Series	10,500,000	-	-	10,500,000	-
	$ 14,420,000	$ -	$ 65,000	$ 14,355,000	$ 70,000

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2005 Bonds based on an assumed interest rate of 4.00%.

	Principal	Interest	Total
2015	$ 70,000	$ 154,200	$ 224,200
2016	75,000	151,400	226,400
2017	80,000	148,400	228,400
2018	90,000	145,200	235,200
2019	100,000	141,600	241,600
2020-2024	780,000	631,200	1,411,200
2025-2029	1,115,000	448,600	1,563,600
2030-2034	1,545,000	193,400	1,738,400
	$ 3,855,000	$ 2,014,000	$ 5,869,000

Due to the uncertainty of the timing of payments on the Series 2010 Bonds, a summary of annual principal and interest requirements is not provided.

As of December 31, 2014, the District had remaining voted debt authorization of approximately $135,090,000. 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 the District's service area. The District did not budget any debt issuances for 2015.

Note 4: Intergovernmental Agreements

Service Agreement

During 2004, the District and Parker Water and Sanitation District (PWSD) entered into a service agreement pursuant to which PWSD is to provide water and sanitation services to the properties within the District. The District agrees to provide necessary easements and to construct all facilities necessary for property within the District to connect to PWSD. Ownership of all water and sanitation facilities will be transferred to PWSD after completion of construction.

Note 5: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The Colorado Special Districts Property and Liability Pool (the Pool) is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 7: Related Parties

During 2014, two of the three members of the Board of Directors had contractual relations with DRA Advisors, the current owners of the vacant property, and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed.

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

1) Long-term liabilities such as bonds payable, accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and

2) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 249,822	$ 249,822	$ 248,136	$ (1,686)
Specific ownership taxes	17,488	22,000	22,414	414
Interest income	1,000	200	153	(47)
Total Revenues	268,310	272,022	270,703	(1,319)
EXPENDITURES				
Bond interest expense - Series 2005	12,000	2,600	2,388	212
Bond principal - Series 2005	65,000	65,000	65,000	-
LOC fees	120,000	139,618	128,375	11,243
Extension fee	-	10,000	10,000	-
Paying agent fees/trustee fees	5,000	5,000	5,450	(450)
Bond restructuring costs	5,000	40,000	22,130	17,870
Remarketing Fees	9,500	19,500	9,800	9,700
Treasurers' fees	3,747	3,747	3,722	25
Total Expenditures	220,247	285,465	246,865	38,600
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	48,063	(13,443)	23,838	37,281
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	10,000	10,000	10,000	-
Total Other Financing Sources (Uses)	10,000	10,000	10,000	-
NET CHANGE IN FUND BALANCE	58,063	(3,443)	33,838	37,281
FUND BALANCE:				
BEGINNING OF YEAR	92,750	62,991	62,991	-
END OF YEAR	$ 150,813	$ 59,548	$ 96,829	$ 37,281

The notes to the financial statements are an integral part of these statements.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2014

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		General Fund	Debt Service	Levied	Collected	
2008	$ 9,507,420	3.000	35.000	$ 361,282	$ 386,125	106.88%
2009	$ 10,441,880	3.000	47.000	$ 522,094	$ 522,223	100.02%
2010	$ 9,207,730	3.000	47.000	$ 460,386	$ 459,499	99.81%
2011	$ 8,817,680	3.000	47.000	$ 440,884	$ 425,755	96.57%
2012	$ 6,748,490	3.000	47.000	$ 337,425	$ 307,201	91.04%
2013	$ 6,599,787	3.000	47.000	$ 329,989	$ 139,219	42.19%
2014	$ 4,307,283	7.000	58.000	$ 279,973	$ 278,083	99.32%
Estimated for year ending December 31, 2015	$ 4,273,980	7.000	58.000	$ 277,809		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

EXHIBIT B
2015 Budget

PARKER AUTOMOTIVE METROPOLITAN DISTRICT
2015
BUDGET MESSAGE

Attached please find a copy of the adopted 2015 budget for the Parker Automotive Metropolitan District.

The Parker Automotive Metropolitan District has adopted two separate funds, a General Fund to provide for the payment of general operating expenditures and transfers to the Debt Service Fund; and a Debt Service Fund to provide for payments on the outstanding general obligation debt.

The District's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenues for the District in 2015 will be property taxes and specific ownership taxes. In 2015, the District intends to impose a 65.000 mill levy on property within the District, of which 7.000 mills will be dedicated to the General Fund and the balance of 58.000 mills will be allocated to the Debt Service Fund.

Parker Automotive Metropolitan District
Adopted Budget
General Fund
For the Year ended December 31, 2015

	Actual 2013	Adopted Budget 2014	Actual 7/31/2014	Estimate 2014	Adopted Budget 2015
Beginning fund balance	$ 19,062	$ 262	$ 15,914	$ 15,914	$ 3,206
Revenues:					
Property taxes	14,296	30,151	29,947	30,151	29,918
Specific ownership taxes	1,660	2,111	1,550	2,650	2,094
Abatements- Taxes	(5,943)		-	-	-
Reimbursements	20,160	-	-	-	-
Abatements - Interest	(1,413)				
Other income	24	20,000	1	-	-
Total revenues	28,784	52,262	31,498	32,801	32,012
Total funds available	47,846	52,524	47,412	48,715	35,218
Expenditures:					
Accounting	6,141	7,000	5,446	9,350	7,000
Audit	4,600	5,000	4,618	4,618	5,000
Election expense	-	5,000	1,287	1,287	-
Insurance	2,897	3,300	2,602	2,602	3,000
Legal	17,961	10,000	9,866	16,900	10,000
Miscellaneous	231	500	178	300	500
Landscape maintenance	-	-	-	-	-
Repay developer advance	-	-	-	-	-
Treasurer's fees	102	452	449	452	449
Engineering	-	-	-	-	-
Emergency reserve (3%)	-	938	-	-	778
Transfer to debt service	-	10,000	-	10,000	5,000
Contingency	-	10,334	-	-	3,491
Total expenditures	31,932	52,524	24,446	45,509	35,218
Ending fund balance	$ 15,914	$ -	$ 22,966	$ 3,206	$ -
Assessed Valuation	$ 6,599,787	$ 4,307,283			$ 4,273,980
Mill levy	3.000	7.000			7.000

Parker Automotive Metropolitan District
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2015

	Actual 2013	Adopted Budget 2014	Actual 7/31/2014	Estimate 2014	Adopted Budget 2015
Beginning fund balance	$ 166,130	$ 92,750	$ 62,991	$ 62,991	$ 59,548
Revenues:					
Property taxes	223,972	249,822	248,136	249,822	247,891
Specific ownership taxes	26,010	17,488	12,841	22,000	17,352
Abatements	(93,106)	-	-	-	-
Interest income	584	1,000	93	200	1,000
Abatements - Interest	(22,147)				
Transfer from General Fund	-	10,000	-	10,000	5,000
Total revenues	135,313	278,310	261,070	282,022	271,243
Total funds available	301,443	371,060	324,061	345,013	330,791
Expenditures:					
Bond principal - Series 2005	60,000	65,000	-	65,000	70,000
Bond interest - Series 2005	4,095	12,000	1,518	2,600	6,000
Bond principal - Series 2010 Sub Bonds	-	-	-	-	-
Bond interest - Series 2010 Sub Bonds	-	-	-	-	-
Payment to refunding agent	-	-	-	-	-
Restructuring costs	54,286	5,000	12,595	30,000	-
LOC Fees	103,035	120,000	93,713	149,618	134,924
Extension fee	-	-	-	10,000	2,000
Remarketing fees	9,950	9,500	-	19,500	10,000
Paying agent/trustee fees	5,450	5,000	4,475	5,000	5,000
Accounting	-	-	-	-	-
Legal expense	-	-	-	-	-
Treasurer fees	1,636	3,747	3,722	3,747	3,718
Total expenditures	238,452	220,247	116,023	285,465	231,642
Ending fund balance	$ 62,991	$ 150,813	$ 208,038	$ 59,548	$ 99,149
Reserve Fund remaining	$ 150,000	$ 150,000	$ 150,000	$ 59,548	$ 99,149
Reserve Fund required	$ 150,000	$ 150,000		$ 150,000	$ 150,000
Assessed Valuation	$ 6,599,787	$ 4,307,283			$ 4,273,980
Mill Levy	47.000	58.000			58.000
Total Mill Levy	50.000	65.000			65.000