

WEST POINT METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2016

with

Independent Auditors' Report



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Independent Auditor's Report

Board of Directors
West Point Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of West Point Metropolitan District as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Point Metropolitan District as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

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

L. Paul Goedecke P.C.

L. Paul Goedecke, P.C.
August 28, 2017

WEST POINT METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash	\$ 481,407	\$ -	\$ 481,407	\$ -	\$ 481,407
Cash - restricted	7,744	-	7,744	-	7,744
Receivable County Treasurer	4,519	1,016	5,535	-	5,535
Property taxes receivable	675,271	151,824	827,095	-	827,095
Due from other funds	1,016	-	1,016	-	1,016
Capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	701,938	<u>701,938</u>
Total Assets	<u>1,169,957</u>	<u>152,840</u>	<u>1,322,797</u>	<u>701,938</u>	<u>2,024,735</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	<u>-</u>	<u>-</u>	<u>-</u>	154,808	<u>154,808</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	154,808	<u>154,808</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,169,957</u>	<u>\$ 152,840</u>	<u>\$ 1,322,797</u>		
LIABILITIES					
Accounts payable	\$ 29,030	\$ -	\$ 29,030	-	29,030
Accrued interest on bonds	-	-	-	45,907	45,907
Due to other funds	-	1,016	1,016	-	1,016
Long-term liabilities:					
Due within one year	-	-	-	430,000	430,000
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	5,906,720	<u>5,906,720</u>
Total Liabilities	<u>29,030</u>	<u>1,016</u>	<u>30,046</u>	<u>6,382,627</u>	<u>6,412,673</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>675,271</u>	<u>151,824</u>	<u>827,095</u>	<u>-</u>	<u>827,095</u>
Total Deferred Inflows of Resources	<u>675,271</u>	<u>151,824</u>	<u>827,095</u>	<u>-</u>	<u>827,095</u>
FUND BALANCE					
Restricted:					
Emergencies	7,744	-	7,744	(7,744)	-
Unassigned	<u>457,912</u>	<u>-</u>	<u>457,912</u>	<u>(457,912)</u>	<u>-</u>
Total Fund Balances	<u>465,656</u>	<u>-</u>	<u>465,656</u>	<u>(465,656)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,169,957</u>	<u>\$ 152,840</u>	<u>\$ 1,322,797</u>		
NET POSITION					
Restricted for:					
Emergencies				7,744	7,744
Unrestricted				<u>(5,067,969)</u>	<u>(5,067,969)</u>
Total Net Position (Deficit)				<u>\$ (5,060,225)</u>	<u>\$ (5,060,225)</u>

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

WEST POINT METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Accounting and audit	\$ 8,942	\$ -	\$ 8,942	\$ -	\$ 8,942
Insurance	3,837	-	3,837	-	3,837
Legal	9,052	-	9,052	-	9,052
Management fees	8,753	-	8,753	-	8,753
Miscellaneous expenses	-	-	-	-	-
Irrigation water & electric	84,551	-	84,551	-	84,551
Landscape Maintenance	112,895	-	112,895	-	112,895
Treasurer's fees	10,191	2,291	12,482	-	12,482
Bond principal	-	90,000	90,000	(90,000)	-
Bond interest expense	-	188,309	188,309	59,441	247,750
B-Interest Coupons	-	-	-	1,431	1,431
Bond issuance costs	-	96,940	96,940	-	96,940
Paying agent fees	-	475	475	-	475
Bond Insurance amortization	-	-	-	5,183	5,183
Depreciation	-	-	-	51,568	51,568
	<u>238,221</u>	<u>378,015</u>	<u>616,236</u>	<u>27,623</u>	<u>643,859</u>
GENERAL REVENUES					
Property taxes	679,189	152,704	831,893	-	831,893
Specific ownership taxes	54,979	12,361	67,340	-	67,340
Miscellaneous income	-	-	-	-	-
Interest income	1,499	54	1,553	-	1,553
	<u>735,667</u>	<u>165,119</u>	<u>900,786</u>	<u>-</u>	<u>900,786</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	497,446	(212,896)	284,550	(27,623)	256,927
OTHER FINANCING SOURCES (USES)					
Refunding bonds	-	3,725,000	3,725,000	(3,725,000)	-
Original issue premium	-	226,522	226,522	(226,522)	-
Payment to refunded bond escrow agent	-	(4,280,560)	(4,280,560)	4,280,560	-
Transfer from (to) other funds	(541,934)	541,934	-	-	-
	<u>(541,934)</u>	<u>212,896</u>	<u>(329,038)</u>	<u>329,038</u>	<u>-</u>
NET CHANGES IN FUND BALANCES					
	(44,488)	-	(44,488)	44,488	
CHANGES IN NET POSITION					
				256,927	256,927
FUND BALANCE/NET ASSETS:					
BEGINNING OF YEAR	510,144	-	510,144	(5,827,296)	(5,317,152)
END OF YEAR	<u>\$ 465,656</u>	<u>\$ -</u>	<u>\$ 465,656</u>	<u>\$(5,525,881)</u>	<u>\$(5,060,225)</u>

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

WEST POINT METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2016

	Original/Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 685,448	\$ 679,189	\$ (6,259)
Specific ownership taxes	47,981	54,979	6,998
Interest income	<u>1,006</u>	<u>1,499</u>	<u>493</u>
Total Revenues	<u>734,435</u>	<u>735,667</u>	<u>1,232</u>
EXPENDITURES			
Accounting and audit	12,000	8,942	3,058
Insurance	3,600	3,837	(237)
Legal	8,000	9,052	(1,052)
Management fees	10,800	8,753	2,047
Miscellaneous expenses	3,000	-	3,000
Irrigation Water & Electric	75,000	84,551	(9,551)
Landscape Maintenance	127,100	112,895	14,205
Treasurers fees	10,282	10,191	91
Contingency	556,428	-	556,428
Emergency reserve	<u>7,493</u>	<u>-</u>	<u>7,493</u>
Total Expenditures	<u>813,703</u>	<u>238,221</u>	<u>575,482</u>
EXCESS OF REVENUES OVER EXPENDITURES	(79,268)	497,446	576,714
OTHER FINANCING SOURCES (USES)			
Transfer to Debt Service Fund	<u>(484,129)</u>	<u>(541,934)</u>	<u>(57,805)</u>
Total Other Financing Sources (Uses)	<u>(484,129)</u>	<u>(541,934)</u>	<u>(57,805)</u>
NET CHANGES IN FUND BALANCES	(563,397)	(44,488)	518,909
FUND BALANCE:			
BEGINNING OF YEAR	<u>\$ 563,397</u>	<u>\$ 510,144</u>	<u>\$ (53,253)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 465,656</u>	<u>\$ 465,656</u>

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Note 1: Summary of Significant Accounting Policies

The accounting policies of the West Point Metropolitan District, located in Jefferson 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 July 20, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide for improvements of collector and arterial roads, related drainage, landscape areas, signage and signalization, and landscape maintenance. 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.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

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.

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 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 not accounted for and reported in another fund.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

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

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, 2016, 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

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three 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.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

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 only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

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.

Original Issue Premium and Deferred Loss on Refunding

The original issue premium from the Series 2016 Bonds is being amortized over the life of the bonds using the effective interest method. The deferred loss on refunding on the Series 2016 Bonds is being amortized over the life of the bonds using the straight-line method. The deferred loss on refunding and original issue premium on the Series 2010 bonds are being amortized over the life of the bonds using the effective interest method. Accumulated amortization of deferred losses on refunding and original issue premiums on the Series 2016 Bonds amounted to \$29,220 and \$37,507 respectively, at December 31, 2016.

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.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

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. Depreciation expense of \$51,568 was recognized during 2016.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	25 - 50 years
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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.

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.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

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 \$7,744 of the General Fund balance has been restricted in compliance with this requirement.

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.

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 reports 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.

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.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

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

As of December 31, 2016, cash is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ 481,407
Cash – restricted	<u>7,744</u>
	<u>\$ 489,151</u>

Cash as of December 31, 2016 consist of the following:

Deposits with financial institutions	<u>\$ 489,151</u>
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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 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.

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
<u>Governmental Type Activities:</u>				
<u>Capital assets being depreciated:</u>				
Land Improvements	\$ 1,419,251	\$ -	\$ -	\$ 1,419,251
Total capital assets:	1,419,251	-	-	1,419,251
Accumulated Depreciation	(665,745)	(51,568)	-	(717,313)
Net capital assets being depreciated:	753,506	(51,568)	-	701,938
Government type assets, net	\$ 753,506	\$ (51,568)	\$ -	\$ 701,938

Road improvements were previously transferred to the City of Arvada for maintenance responsibility in accordance with an Intergovernmental Agreement.

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2016, is as follows:

General Obligation Limited Tax Refunding and Improvement Bonds Series 2006

On August 15, 2006, the District issued \$5,330,000 of General Obligation Limited Tax Refunding and Improvement Bonds Series 2006 (“Series 2006 Bonds”) dated August 15, 2006 for the purpose of refunding a portion of the District’s outstanding general obligation limited tax indebtedness, to pay the costs of the improvement project, to fund the reserve account, and to pay the costs of issuance of the bonds. The Series 2006 Bonds were issued in the amount of \$5,330,000 and bear interest between the rates of 4.00% to 4.30%, payable semiannually on each May 1 and November 1, commencing on November 1, 2006. The Series 2006 Bonds also bear supplemental interest on B Interest Registered Coupons in the original amount of \$1,370,000 with yields ranging from 3.8% to 4.45% due on each November 1, commencing on November 1, 2006 with the final maturity date of November 1, 2016. The Series 2006 Bonds are subject to an early redemption at the option of the District, as a whole or integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, commencing November 1, 2016, and any date thereafter, upon payment of par and accrued interest. The Series 2006 Bonds are secured by Pledged Revenues including (i) the District’s covenant to levy up to the Limited Mill Levy which has been adjusted to 41.119 mills, but can be adjusted up to 50.000 mills on all taxable property which is within the District, (ii) one-half of the District’s development fees and (iii) any other legally available funds of the District deposited into the Bond Account.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

The Series 2006 Bonds were issued in part to advance refund \$3,075,000 of outstanding 2002 General Obligation Limited Tax Bonds (“Series 2002 Bonds”) in 2007. The proceeds from the Series 2006 Bonds issuance were used to purchase United States government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2002 Bonds. The Series 2002 Bonds were fully redeemed November 1, 2007.

The Series 2006 Bond were fully defeased as the result of the issuance of the Series 2016 Bonds on September 14, 2016.

General Obligation Limited Tax Refunding Bonds Series 2010

On October 14, 2010, the District issued \$2,860,000 of General Obligation Limited Tax Refunding Bonds Series 2010 (“Series 2010 Bonds”) dated October 14, 2010 for the purpose of refunding a portion of the District’s outstanding general obligation limited tax indebtedness and to pay the costs of issuance of the bonds. The Series 2010 Bonds bear interest between the rates of 2.25% to 4.5%, payable semiannually on each May 1 and November 1, commencing on May 1, 2011. The Series 2010 Bonds are subject to an early redemption at the option of the District, as a whole or integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, commencing November 1, 2020, and any date thereafter, upon payment of par and accrued interest.

The Series 2010 Bonds are secured by Pledged Revenues including (i) the District’s covenant to levy up to the Limited Mill Levy which has been adjusted to 41.119 mills, but can be adjusted up to 50.000 mills on all taxable property which is within the District, (ii) one-half of the District’s development fees and (iii) any other legally available funds of the District deposited into the Bond Account.

The Series 2010 Bonds were issued to current refund \$2,930,000 of outstanding 2004 General Obligation Limited Tax Bonds (“Series 2004 Bonds”) on October 14, 2010.

\$3,725,000 General Obligation Limited Tax Refunding Bonds, Series 2016

On September 14, 2016, the District issued \$3,725,000 of General Obligation Limited Tax Refunding Bonds Series 2016, (“Series 2016 Bonds”) dated September 14, 2016, for the purpose of refunding the District’s Limited Tax Refunding and Improvement Bonds Series 2006, maturing on and after December 1, 2017, in the amount of \$3,915,000, and paying the costs of the issuance of the Bonds and funding a Bond Reserve. The 2016 Bonds bear interest at rates from 2% to 3%, payable semiannually on each May 1 and November 1, commencing on May 1, 2017, and mature on November 1, 2027. The Bonds are subject to early redemption at the option of the District commencing November 1, 2016 without redemption premium. The 2016 Bonds are secured by Pledged Revenues including the Required Mill Levy, one-half of the District’s Development Fees, and any other moneys determined by the District.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

As a result of the issuance of the Series 2016 Bonds, the refunded bonds are considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$410,618. This amount is recorded as a deferred outflow and is being amortized over the life of the 2016 Bonds. The refunding resulted in an economic gain of \$587,447 due to the average interest rate of the Series 2016 Bonds being lower than the refunded bonds.

The following is an analysis of changes in long-term debt for the period ending December 31, 2016:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Current Portion
Series 2006 Bonds	\$ 4,155,000	\$ -	\$ 4,155,000	\$ -	\$ -
B-Interest Registered Coupon	38,295	1,705	40,000	-	-
Series 2010 Bonds	2,455,000	-	90,000	2,365,000	130,000
Series 2016 Bonds	-	3,725,000	-	3,725,000	300,000
	<u>6,648,295</u>	<u>3,726,705</u>	<u>4,285,000</u>	<u>6,090,000</u>	<u>\$ 430,000</u>
Original issue discounts -					
Series 2006	(13,688)	-	(13,688)	-	
Series 2010	34,088	-	4,254	29,834	
Series 2016	-	226,522	9,636	216,886	
	<u>\$ 6,668,695</u>	<u>\$3,953,227</u>	<u>\$ 4,285,202</u>	<u>\$ 6,336,720</u>	

The following is a summary of the annual long-term debt principal and interest requirements.

	Principal	Interest	Total
2017	\$ 430,000	\$ 212,321	642,321
2018	460,000	186,300	646,300
2019	470,000	172,175	642,175
2020	485,000	160,750	645,750
2021	495,000	148,950	643,950
2022-2026	2,685,000	475,650	3,160,650
2027-2029	1,065,000	60,812	1,125,812
	<u>\$ 6,090,000</u>	<u>\$ 1,416,958</u>	<u>\$ 7,506,958</u>

On November 3, 1998, and November 5, 2002, the District voters approved debt issuance of \$7,500,000 and \$1,000,000 respectively. The District has not budgeted to issue any new debt during 2017. Per the District's Service Plan, the District cannot issue debt in excess of \$8,500,000. As of December 31, 2016, \$8,500,000 has been issued.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

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 of benefit increases.

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

On November 3, 1998 a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

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 District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which 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.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Note 7: Interfund and Operating Transfers

The transfer of \$541,934 from the General Fund to the Debt Service Fund was to transfer funds for the purpose of debt service.

Note 8: Developer's Fee Agreement

In 2002, the Board of Directors authorized Development Fees to be assessed against the property within the District in the amount of \$1,000 per residential unit and \$5,000 per acre of commercial property. The fees are assessed at the time a building permit is issued. Fifty percent of the revenue received from the fee is utilized for debt service and fifty percent is utilized for District operations. No development fees were collected by the District during 2016.

Note 9: 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) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds;
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds; and,
- 3) original issue discount, deferred loss on refunding and original issue premium are reported as deferred charges and amortized over the term of the related debt in the government-wide financial statements.

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

WEST POINT METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND

For the Year Ended December 31, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 154,112	\$ 154,112	\$ 152,704	\$ (1,408)
Specific ownership taxes	10,789	10,789	12,361	1,572
Interest income	-	-	54	54
	<u>164,901</u>	<u>164,901</u>	<u>165,119</u>	<u>218</u>
EXPENDITURES				
Bond interest	275,218	275,218	188,309	86,909
Bond principal	330,000	330,000	90,000	240,000
B-Interest Coupons	40,000	40,000	-	40,000
Bond issuance costs	-	96,940	96,940	-
Paying agent fees	1,500	1,500	475	1,025
Treasurers' fees	2,312	2,312	2,291	21
	<u>649,030</u>	<u>745,970</u>	<u>378,015</u>	<u>367,955</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(484,129)	(581,069)	(212,896)	368,173
OTHER FINANCING SOURCES (USES)				
Refunding bonds	-	3,725,000	3,725,000	-
Original issue premium	-	280,531	226,522	(54,009)
Payment to refunded bond escrow agent	-	(3,929,030)	(4,280,560)	(351,530)
Transfer from other funds	484,129	504,568	541,934	37,366
	<u>484,129</u>	<u>581,069</u>	<u>212,896</u>	<u>(368,173)</u>
NET CHANGES IN FUND BALANCE	-	-	-	-
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

WEST POINT METROPOLITAN DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2016

\$2,860,000 General Obligation Limited Tax Refunding Bonds Series 2010

Interest Payable May 1 and November 1

Principal Due November 1

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 130,000	\$ 98,700	\$ 228,700
2018	130,000	94,800	224,800
2019	135,000	90,575	225,575
2020	140,000	85,850	225,850
2021	145,000	80,950	225,950
2022	150,000	74,425	224,425
2023	475,000	67,675	542,675
2024	500,000	46,300	546,300
2025	80,000	23,800	103,800
2026	75,000	20,400	95,400
2027	85,000	17,212	102,212
2028	80,000	13,600	93,600
2029	240,000	10,200	250,200
	<u>\$ 2,365,000</u>	<u>\$ 825,887</u>	<u>\$ 3,280,887</u>

WEST POINT METROPOLITAN DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2016

\$3,725,000 General Obligation Limited Tax Refunding Bonds Series 2016

Interest Payable May 1 and November 1

Principal Due November 1

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 300,000	\$ 113,621	\$ 413,621
2018	330,000	91,500	421,500
2019	335,000	81,600	416,600
2020	345,000	74,900	419,900
2021	350,000	68,000	418,000
2022	360,000	61,000	421,000
2023	50,000	50,200	100,200
2024	45,000	49,200	94,200
2025	465,000	48,300	513,300
2026	485,000	34,350	519,350
2027	660,000	19,800	679,800
	<u>\$ 3,725,000</u>	<u>692,471</u>	<u>\$ 4,417,471</u>

WEST POINT METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2016

<u>Year Ended</u> <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2000	\$ 466,870	30.000	0.000	\$ 14,006	\$ 14,012	100.04%
2001	\$ 156,820	30.000	0.000	\$ 4,705	\$ 4,704	99.98%
2002	\$ 825,580	30.000	5.000	\$ 28,895	\$ 28,897	100.01%
2003	\$ 2,554,560	30.000	5.000	\$ 89,410	\$ 89,443	100.04%
2004	\$ 6,410,057	30.000	5.000	\$ 224,352	\$ 224,456	100.05%
2005	\$ 10,173,120	30.000	5.000	\$ 356,059	\$ 345,097	96.92%
2006	\$ 15,852,220	35.245	5.874	\$ 651,827	\$ 628,424	96.41%
2007	\$ 18,502,900	35.245	5.874	\$ 760,820	\$ 748,990	98.45%
2008	\$ 20,839,600	35.245	5.874	\$ 856,904	\$ 852,141	99.44%
2009	\$ 20,993,660	35.245	5.874	\$ 863,238	\$ 857,434	99.33%
2010	\$ 21,248,470	35.245	5.874	\$ 873,716	\$ 870,842	99.67%
2011	\$ 21,734,050	35.245	5.874	\$ 893,683	\$ 891,842	99.79%
2012	\$ 20,927,693	35.245	5.874	\$ 860,526	\$ 860,525	100.00%
2013	\$ 20,912,596	35.245	5.874	\$ 859,905	\$ 859,903	100.00%
2014	\$ 22,145,169	35.245	5.874	\$ 910,587	\$ 909,454	99.88%
2015	\$ 22,484,104	30.126	5.874	\$ 809,428	\$ 792,851	97.95%
2016	\$ 26,236,253	26.126	5.874	\$ 839,560	\$ 831,893	99.09%
Estimated for year ending December 31, 2017	\$ 25,846,729	26.126	5.874	\$ 827,095		

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.