

**WILDGRASS METROPOLITAN DISTRICT**

General Purpose Financial Statements

Year Ended December 31, 2016

with

Independent Auditors' Report



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*By the Office of the State Auditor at 9:25 am, Jun 20, 2017*

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Board of Directors  
Wildgrass Metropolitan District  
Broomfield County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wildgrass 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 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 of 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Wildgrass 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 accordance with accounting principles generally accepted in the United States of America.

## *Other-Matters*

### *Required Supplementary Information*

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

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

*Simmons & Wheeler P.C.*

Englewood, CO  
March 22, 2017

## Wildgrass Metropolitan District

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

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>						
Cash and investments	\$ 277,299	\$ -	\$ -	\$ 277,299	\$ -	\$ 277,299
Cash and investments - restricted	3,340	115,397	599,571	718,308	-	718,308
Accounts receivable:						
County Treasurer	454	2,543	-	2,997	-	2,997
Property taxes receivable	104,288	584,015	-	688,303	-	688,303
Prepaid expenses	3,061	-	-	3,061	-	3,061
Prepaid debt insurance, net of accumulated amortization	-	-	-	-	23,263	23,263
Capital assets not being depreciated	-	-	-	-	483,265	483,265
<b>Total Assets</b>	<u>388,442</u>	<u>701,955</u>	<u>599,571</u>	<u>1,689,968</u>	<u>506,528</u>	<u>2,196,496</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding	-	-	-	-	788,027	788,027
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,027</u>	<u>788,027</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 388,442</u>	<u>\$ 701,955</u>	<u>\$ 599,571</u>	<u>\$ 1,689,968</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 1,464	\$ -	\$ 116,379	\$ 117,843	-	117,843
Retainage payable	-	-	14,252	14,252	-	14,252
Accrued interest on bonds	-	-	-	-	34,113	34,113
Long-term liabilities:						
Due within one year	-	-	-	-	150,000	150,000
Due in more than one year	-	-	-	-	10,498,360	10,498,360
<b>Total Liabilities</b>	<u>1,464</u>	<u>-</u>	<u>130,631</u>	<u>132,095</u>	<u>10,682,473</u>	<u>10,814,568</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	104,288	584,015	-	688,303	-	688,303
<b>Total Deferred Inflows of Resources</b>	<u>104,288</u>	<u>584,015</u>	<u>-</u>	<u>688,303</u>	<u>-</u>	<u>688,303</u>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Nonspendable:						
Prepays	3,061	-	-	3,061	(3,061)	-
Restricted:						
Emergencies	3,340	-	-	3,340	(3,340)	-
Debt service	-	117,940	-	117,940	(117,940)	-
Capital projects	-	-	468,940	468,940	(468,940)	-
Unassigned	276,289	-	-	276,289	(276,289)	-
<b>Total Fund Balances</b>	<u>282,690</u>	<u>117,940</u>	<u>468,940</u>	<u>869,570</u>	<u>(869,570)</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources     and Fund Balances</b>	<u>\$ 388,442</u>	<u>\$ 701,955</u>	<u>\$ 599,571</u>	<u>\$ 1,689,968</u>		
Net Position:						
Restricted for:						
Emergencies					3,340	3,340
Debt service					83,828	83,828
Unrestricted					<u>(9,074,455)</u>	<u>(9,074,455)</u>
<b>Total Net Position</b>					<u>\$ (8,518,348)</u>	<u>\$ (8,518,348)</u>

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

## Wildgrass Metropolitan District

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

For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
General expenses:						
Accounting	\$ 11,708	\$ -	\$ -	\$ 11,708	\$ -	\$ 11,708
Audit	5,570	-	-	5,570	-	5,570
Directors fees	1,900	-	-	1,900	-	1,900
Election expense	750	-	-	750	-	750
Insurance	3,731	-	-	3,731	-	3,731
Legal	5,697	-	-	5,697	-	5,697
Management fees	15,015	-	-	15,015	-	15,015
Miscellaneous expenses	2,434	-	-	2,434	-	2,434
Statutory compliance	244	-	-	244	-	244
Payroll taxes	145	-	-	145	-	145
Treasurer's fees	1,564	8,759	-	10,323	-	10,323
Debt service:						
Bond principal	-	145,000	-	145,000	(145,000)	-
Bond interest expense	-	412,975	-	412,975	35,202	448,177
Paying agent fees	-	600	-	600	-	600
Capital outlay	-	-	345,884	345,884	(345,884)	-
Total Expenditures	48,758	567,334	345,884	961,976	(455,683)	506,294
Net Program Income (Expenses)	(48,758)	(567,334)	(345,884)	(961,976)	455,683	(506,294)
<b>GENERAL REVENUES</b>						
Property taxes	104,257	583,839	-	688,096	-	688,096
Specific ownership taxes	5,791	32,428	-	38,219	-	38,219
Interest income	1,711	1,745	803	4,259	-	4,259
Total General Revenues	111,759	618,012	803	730,574	-	730,574
NET CHANGES IN FUND BALANCES	63,001	50,678	(345,081)	(231,402)	231,402	
CHANGE IN NET POSITION					224,281	224,281
<b>FUND BALANCES/NET POSITION:</b>						
BEGINNING OF YEAR	219,689	67,262	814,021	1,100,972	(9,843,600)	(8,742,628)
END OF YEAR	\$ 282,690	\$ 117,940	\$ 468,940	\$ 869,570	\$ (9,387,918)	\$ (8,518,348)

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

## Wildgrass Metropolitan District

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

For the Year Ended December 31, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 104,257	\$ 104,257	\$ -
Specific ownership taxes	5,320	5,791	471
Interest income	<u>320</u>	<u>1,711</u>	<u>1,391</u>
Total Revenues	<u>109,897</u>	<u>111,759</u>	<u>1,862</u>
<b>EXPENDITURES</b>			
Accounting	10,500	11,708	(1,208)
Audit	5,000	5,570	(570)
Directors fees	3,000	1,900	1,100
Election expense	50,000	750	49,250
Insurance	3,330	3,731	(401)
Legal	30,000	5,697	24,303
Management fees	14,000	15,015	(1,015)
Miscellaneous expenses	4,200	2,434	1,766
Statutory compliance	1,000	244	756
Payroll taxes	300	145	155
Treasurer's fees	1,600	1,564	36
Contingency	20,000	-	20,000
Emergency reserve	<u>3,300</u>	<u>-</u>	<u>3,300</u>
Total Expenditures	<u>146,230</u>	<u>48,758</u>	<u>97,472</u>
<b>NET CHANGE IN FUND BALANCE</b>	(36,333)	63,001	99,334
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>205,862</u>	<u>219,689</u>	<u>13,827</u>
END OF YEAR	<u>\$ 169,529</u>	<u>\$ 282,690</u>	<u>\$ 113,161</u>

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

# WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

## **Note 1: Summary of Significant Accounting Policies**

The accounting policies of the Wildgrass Metropolitan District, (“the District”), located in Broomfield County, Colorado, (“the County”); conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governments. 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.

### Reporting entity

Wildgrass Metropolitan District was organized on November 18, 2003, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District’s purpose is to finance and construct certain public infrastructure improvements that benefit the taxpayers and service users of the District. The District's primary revenues are property taxes. The District is managed 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.

# WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

## Note 1: Summary of Significant Accounting Policies (continued)

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 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.

# WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

## Note 1: Summary of Significant Accounting Policies (continued)

*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.

*Capital Projects Fund* – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

### 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.

### 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 and Investments

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.

# WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

## Note 1: Summary of Significant Accounting Policies (continued)

### Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. These amounts are eliminated in the Statement of Net Position.

### 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 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 type of 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.

# WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

## **Note 1: Summary of Significant Accounting Policies (continued)**

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. No depreciation expense was recognized during 2016.

In prior years the City and County of Broomfield has accepted the infrastructure while current construction in progress includes landscaping and restroom facilities that will be transferred to the City and County of Broomfield in the future.

### 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.

### Prepaid Debt Insurance, Original Issue Premium and Loss on Refunding

The prepaid debt insurance, original issue premium and deferred loss on refunding from the Series 2014 Bonds are being amortized over the life of the bonds using the effective interest method. Accumulated amortization of the prepaid debt insurance, original issue premium and deferred loss on refunding amounted to \$2,604, \$18,285 and \$88,205, respectively, at December 31, 2016.

# WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

## **Note 1: Summary of Significant Accounting Policies (continued)**

### 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.

The nonspendable fund balance in the General Fund in the amount of \$3,061 represents prepaid expenditures.

### 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 \$3,340 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 \$117,940 is restricted for the payment of the debt service costs associated with the General Obligation Refunding Bonds Series 2014A and B (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$468,940 is restricted for the payment of the costs for capital improvements within the District.

### 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.

# WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

## Note 1: Summary of Significant Accounting Policies (continued)

### Unassigned Fund Balance

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

*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, 2016, cash and investments are classified in the accompanying financial statements as follows:

### Statement of Net Position:

Cash and investments	\$ 277,299
Cash and investments - Restricted	<u>718,308</u>
Total	<u>\$ 995,607</u>

**WILDGRASS METROPOLITAN DISTRICT**

Notes to Financial Statements  
December 31, 2016

**Note 2: Cash and Investments (continued)**

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

Deposits with financial institutions	\$ 670,618
Investments – COLOTRUST	<u>324,989</u>
	<u>\$ 995,607</u>

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 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.

While the District does not have a formal policy for deposits, as of December 31, 2016, none of the District’s deposits were exposed to custodial credit risk.

As of December 31, 2016, the District had the following deposits:

<u>Deposits</u>	<u>Maturity</u>	<u>Fair Value</u>
Checking account	N/A	\$ 7,831
Liquid Asset Account	30 Days	<u>662,787</u>
		<u>\$ 670,618</u>

Investments:

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

# WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

**Note 2: Cash and Investments (continued):**

The District has the following recurring fair value measurements as of December 31, 2016:

An external investment pool that records its investments at fair value. The investment in COLOTRUST is categorized as a Level 2 Investment.

Credit risk:

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

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.

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days, a Level 2 investment under the fair value hierarchy. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2016, the District had \$324,989 invested in COLOTRUST.

**WILDGRASS METROPOLITAN DISTRICT**

Notes to Financial Statements  
December 31, 2016

**Note 3: Capital Assets**

A summary of changes in General Capital Assets follows:

	<u>Balance</u> <u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>
Capital Assets, not being depreciated:				
Construction in Progress	\$ 137,381	\$ 345,884	\$ -	\$ 483,265
Total capital assets not being depreciated	<u>\$ 137,381</u>	<u>\$ 345,884</u>	<u>\$ -</u>	<u>\$ 483,265</u>

It is anticipated that the assets will be accepted by the City and County of Broomfield once the construction is complete and the warranty period expires.

**Note 4: Long-Term Debt**

The long-term debt transactions of the District during 2016 are as follows:

	<u>Balance</u> <u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>	<u>Current</u> <u>Portion</u>
General Obligation Bonds -					
Series 2014A/B	\$ 10,630,000	\$ -	\$ 145,000	\$ 10,485,000	\$ 150,000
Original issue premium	<u>172,311</u>	<u>-</u>	<u>8,951</u>	<u>163,360</u>	<u>-</u>
	<u>\$ 10,802,311</u>	<u>\$ -</u>	<u>\$ 153,951</u>	<u>\$ 10,648,360</u>	<u>\$ 150,000</u>

## WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

### **Note 4: Long-Term Debt (continued)**

#### Advance refunding of debt

On November 19, 2014, the District issued \$9,815,000 in General Obligation (Limited Tax Convertible to Unlimited tax) Refunding Bonds Series 2014A and \$965,000 in Taxable General Obligation Refunding Bonds Series 2014B. The Series 2014A/B Bonds were issued to provide resources to purchase securities to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2007 Bonds. The proceeds from the sale of the Bonds were used for the following purpose of: 1) current refunding the District's outstanding General Obligation (Limited Tax Convertible to Unlimited Tax) Series 2007; 2) funding capitalized interest for payment of the interest on the Bonds and 3) paying other costs incidental to the issuance of the Bonds. The Series 2014A Bonds bear interest at 4.00% payable on June 1<sup>st</sup> and December 1<sup>st</sup> commencing on June 1, 2015. The Series 2014B Bonds bear interest at 2.00% payable on June 1<sup>st</sup> and December 1<sup>st</sup> commencing on June 1, 2015. Bonds maturing on or after December 1, 2025 are subject to redemption prior to maturity, on December 1, 2024, or on any date thereafter at par plus accrued interest to the redemption date, without a redemption premium.

As a result, the 2007 refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$876,232. This amount is recorded as a deferred inflow and is being amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the remaining life of the old debt at the time of the refunding by \$1,720,561 and resulted in an economic gain of \$915,595.

The Series 2014A/B bonds are secured by and payable from the Pledged Revenue, consisting of the moneys derived by the District from the following sources: 1) Required Mill Levy without limitation as to the rate or amount on all taxable property within the District; 2) a portion of the Specific ownership taxes; and 3) other legally available moneys of the District credited to the Bond Fund.

The principal and interest payment of the Series A/B Bonds are further secured by a Municipal Bond Insurance policy issued by Build America Mutual Assurance Company, ("BAM"). As of December 31, 2016, BAM was rated AA/Stable by Standard & Poor's.

**WILDGRASS METROPOLITAN DISTRICT**

Notes to Financial Statements  
December 31, 2016

**Note 4: Long-Term Debt (continued)**

Debt service requirements to maturity of the District’s debt as of December 31, 2016, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 150,000	\$ 409,350	\$ 559,350
2018	165,000	405,600	570,600
2019	170,000	401,475	571,475
2020	185,000	397,225	582,225
2021	190,000	392,600	582,600
2022 - 2026	1,170,000	1,837,000	3,007,000
2027 - 2031	1,585,000	1,571,400	3,156,400
2032 - 2036	2,110,000	1,214,200	3,324,200
2037 - 2041	2,745,000	743,800	3,488,800
2042 - 2044	2,015,000	164,000	2,179,000
	<u>\$ 10,485,000</u>	<u>\$ 7,536,650</u>	<u>\$ 18,021,650</u>

**Note 5: Debt Authorization**

At election held November 4, 2003 a majority of the qualified electors of the District who voted in the elections authorized the issuance of general obligation indebtedness in an amount not to exceed \$10,385,000 for providing public improvements and \$10,385,000 for refunding of previously issued indebtedness. The District has no additional new debt authorization available.

**Note 6: 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.

## WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

**Note 6: Tax, Spending and Debt Limitations (continued)**

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.

On November 4, 2003, 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 except for an annual limit on the ad valorem taxes of \$1,500,000 and/or an annual limit of \$1,500,000 for total General Fund expenses.

**Note 7: 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.

## WILDGRASS METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2016

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

The *Governmental 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; and
- 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.

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

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) 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
- 3) 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**

## Wildgrass Metropolitan District

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 583,839	\$ 583,839	\$ -
Specific ownership taxes	32,000	32,428	428
Interest income	200	1,745	1,545
	<u>616,039</u>	<u>618,012</u>	<u>1,973</u>
<b>EXPENDITURES</b>			
Bond principal	145,000	145,000	-
Bond interest expense	412,975	412,975	-
Paying agent fees	4,000	600	3,400
Treasurer's fees	8,800	8,759	41
	<u>570,775</u>	<u>567,334</u>	<u>3,441</u>
<b>NET CHANGE IN FUND BALANCE</b>	45,264	50,678	5,414
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>61,745</u>	<u>67,262</u>	<u>5,517</u>
END OF YEAR	<u>\$ 107,009</u>	<u>\$ 117,940</u>	<u>\$ 10,931</u>

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

## Wildgrass Metropolitan District

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Interest income	\$ 840	\$ 803	\$ (37)
Total Revenues	<u>840</u>	<u>803</u>	<u>(37)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>636,772</u>	<u>345,884</u>	<u>290,888</u>
Total Expenditures	<u>636,772</u>	<u>345,884</u>	<u>290,888</u>
<b>NET CHANGE IN FUND BALANCE</b>	(635,932)	(345,081)	290,851
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>635,932</u>	<u>814,021</u>	<u>178,089</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 468,940</u>	<u>\$ 468,940</u>

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

## Wildgrass Metropolitan District

### SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2016

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2005	\$ 3,457,550	5.000	30.000	\$ 121,014	\$ 121,015	100.00%
2006	\$ 2,429,390	5.000	30.000	\$ 85,029	\$ 44,855	52.75% <b>(1)</b>
2007	\$ 5,598,370	5.000	40.000	\$ 251,927	\$ 251,869	99.98%
2008	\$ 10,423,780	5.000	40.000	\$ 469,070	\$ 468,964	99.98%
2009	\$ 12,512,900	5.000	40.000	\$ 563,081	\$ 562,085	99.82%
2010	\$ 13,611,880	5.000	40.000	\$ 612,535	\$ 611,457	99.82%
2011	\$ 13,837,980	5.000	40.000	\$ 622,709	\$ 622,709	100.00%
2012	\$ 14,833,333	5.000	40.000	\$ 667,500	\$ 667,500	100.00%
2013	\$ 16,538,260	5.000	40.000	\$ 744,222	\$ 746,577	100.32%
2014	\$ 18,400,120	5.000	40.000	\$ 828,006	\$ 828,006	100.00%
2015	\$ 18,455,742	5.000	30.000	\$ 645,951	\$ 645,951	100.00%
2016	\$ 20,851,400	5.000	28.000	\$ 688,096	\$ 688,096	100.00%
Estimated for year ending December 31, 2017	\$ 20,857,680	5.000	28.000	\$ 688,303		

**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.

**(1)** - Property taxes from Broomfield County includes abatements from the prior year.