

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
Grand County, Colorado

FINANCIAL STATEMENTS
December 31, 2016



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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Village at Winter Park Resort Metropolitan District No. 1
Grand County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Villages at Winter Park Resort Metropolitan District No. 1 (the 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Village at Winter Park Resort Metropolitan District No. 1, as of December 31, 2016, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Danner Griggs & Associates, PC

Lakewood, Colorado
September 6, 2017

BASIC FINANCIAL STATEMENTS

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 24,680
Cash and investments - Restricted	6,053
Receivable - District No. 2	600
Receivable - District No. 3	218
Capital assets	
Net of accumulated depreciation	<u>3,862,023</u>
Total assets	<u><u>3,893,574</u></u>
LIABILITIES	
Accounts payable	10,185
Loan interest payable	4,966
Noncurrent liabilities	
Due within one year	60,000
Due in more than one year	<u>5,741,241</u>
Total liabilities	<u><u>5,816,392</u></u>
NET POSITION	
Net investment in capital assets	1,687,023
Restricted for	
Emergencies	1,600
Debt service	64
Unrestricted	<u>(3,611,505)</u>
Total net position	<u><u>\$ (1,922,818)</u></u>

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

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 295,590	\$ -	\$ 51,357	\$ -	\$ (244,233)
Interest and related costs on long-term debt	213,152	-	122,734	-	(90,418)
	<u>\$ 508,742</u>	<u>\$ -</u>	<u>\$ 174,091</u>	<u>\$ -</u>	<u>(334,651)</u>
General revenues:					
Interest income					522
Total general revenues					522
Change in net position					(334,129)
Net position - Beginning					(1,588,689)
Net position - Ending					<u>\$ (1,922,818)</u>

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

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 24,680	\$ -	\$ 24,680
Cash and investments - Restricted	1,600	4,453	6,053
Due from District No. 2	177	423	600
Due from District No. 3	64	154	218
TOTAL ASSETS	<u>\$ 26,521</u>	<u>\$ 5,030</u>	<u>\$ 31,551</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 10,185	\$ -	\$ 10,185
Total liabilities	<u>10,185</u>	<u>-</u>	<u>10,185</u>
FUND BALANCES			
Restricted for:			
Emergency reserves	1,600	-	1,600
Debt service	-	5,030	5,030
Unassigned:	14,736	-	14,736
Total fund balances	<u>16,336</u>	<u>5,030</u>	<u>21,366</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,521</u>	<u>\$ 5,030</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.	
Capital assets, net	3,862,023
Long-term liabilities, including bonds payable and Developer advances, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.	
Loan payable	(2,175,000)
Accrued interest on loan payable	(4,966)
Developer advance payable	(3,332,229)
Accrued interest on Developer advance	(294,012)
Net position of governmental activities	<u>\$ (1,922,818)</u>

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

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Interest income	\$ 522	\$ -	\$ 522
Intergovernmental revenue - District No. 2	37,670	90,024	127,694
Intergovernmental revenue - District No. 3	13,687	32,710	46,397
Total revenues	<u>51,879</u>	<u>122,734</u>	<u>174,613</u>
EXPENDITURES			
General and administration			
Accounting	15,539	-	15,539
Auditing	5,250	-	5,250
Election	2,515	-	2,515
Insurance and bonds	8,191	-	8,191
Legal services	16,257	-	16,257
Debt service			
Loan principal	-	60,000	60,000
Loan interest	-	61,239	61,239
Total expenditures	<u>47,752</u>	<u>121,239</u>	<u>168,991</u>
NET CHANGE IN FUND BALANCES	4,127	1,495	5,622
FUND BALANCES -			
BEGINNING OF YEAR	<u>12,209</u>	<u>3,535</u>	<u>15,744</u>
FUND BALANCES -			
END OF YEAR	<u><u>\$ 16,336</u></u>	<u><u>\$ 5,030</u></u>	<u><u>\$ 21,366</u></u>

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

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

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

Net change in fund balances - Total governmental funds	\$	5,622
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation		(247,838)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Loan principal payment		60,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on loan payable - Change in liability		137
Accrued interest on Developer advance - Change in liability		(152,050)

Changes in net position of governmental activities	\$	(334,129)
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These financial statements should be read only in connection with the
accompanying notes to financial statements.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Interest income	\$ 150	\$ 522	\$ 372
Intergovernmental revenue - District No. 2	37,267	37,670	403
Intergovernmental revenue - District No. 3	13,535	13,687	152
Total revenues	<u>50,952</u>	<u>51,879</u>	<u>927</u>
EXPENDITURES			
Accounting	16,000	15,539	461
Auditing	5,500	5,250	250
Election	500	2,515	(2,015)
Insurance and bonds	8,200	8,191	9
Legal services	22,500	16,257	6,243
Contingency	3,100	-	3,100
Total expenditures	<u>55,800</u>	<u>47,752</u>	<u>8,048</u>
NET CHANGE IN FUND BALANCES	(4,848)	4,127	8,975
FUND BALANCES - BEGINNING OF YEAR	<u>11,170</u>	<u>12,209</u>	<u>1,039</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 6,322</u></u>	<u><u>\$ 16,336</u></u>	<u><u>\$ 10,014</u></u>

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

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court on May 17, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the Town of Winter Park in Grand County, Colorado. The District (which serves as the Operating District) was organized in conjunction with The Village at Winter Park Resort Metropolitan District No. 2 and The Village at Winter Park Resort Metropolitan District No. 3 (which serve as the Financing Districts). The District is responsible for management of the construction of all facilities and improvements and for operation and maintenance of all improvements not conveyed to the Town. The Financing Districts provide the funding for infrastructure improvements and the tax base needed to support ongoing operations.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are shown as increases in assets and repayment of Developer advances are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank or investment account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

Property Taxes

Property taxes are levied by the District No. 2 and No. 3'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 Board of 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, at the taxpayer's election, or in equal installments in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 column 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful life:

Infrastructure:

Village core retaining wall	20 years
Village core infrastructure	20 years
Highway 40 improvements	20 years
Winter Park Drive Phase I & II	20 years
Parking lots and road widenings	20 years
Parking gates	10 years

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports 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 government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has no items that qualify for reporting in this category.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 24,680
Cash and investments - Restricted	<u>6,053</u>
Total cash and investments	<u><u>\$ 30,733</u></u>

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

Investments	\$ 30,733
Total cash and investments	<u><u>\$ 30,733</u></u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District had no cash deposits.

Investments

The District has adopted a formal investment policy which follows the state statutes regarding investments.

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

Fair Value Measurement and Application

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; and 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.

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

Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 30,733</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - CAPITAL ASSETS

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

	Balance at December 31, 2015	Increases	Dedication to Other Governments	Balance at December 31, 2016
Capital assets, being depreciated:				
Village core retaining wall	\$ 737,069	\$ -	\$ -	\$ 737,069
Village core infrastructure	3,104,822	-	-	3,104,822
Parking gates	120,873	-	-	120,873
Signage	4,615	-	-	4,615
Winter Park Drive Phase I	4,889	-	-	4,889
Winter Park Drive Phase II	45,413	-	-	45,413
Parking lots and road widenings	60,000	-	-	60,000
Highway 40 improvements	739,480	-	-	739,480
Total capital assets, being depreciated	<u>4,817,161</u>	<u>-</u>	<u>-</u>	<u>4,817,161</u>
Accumulated depreciation for:				
Village core retaining wall	(113,632)	(36,853)	-	(150,485)
Village core infrastructure	(448,717)	(155,241)	-	(603,958)
Parking gates	(37,268)	(12,087)	-	(49,355)
Signage	(2,846)	(923)	-	(3,769)
Winter Park Drive Phase I	(530)	(489)	-	(1,019)
Winter Park Drive Phase II	(2,460)	(2,271)	-	(4,731)
Parking lots and road widenings	(3,250)	(3,000)	-	(6,250)
Highway 40 improvements	(98,597)	(36,974)	-	(135,571)
Total accumulated depreciation	<u>(707,300)</u>	<u>(247,838)</u>	<u>-</u>	<u>(955,138)</u>
Capital assets, net	<u>\$ 4,109,861</u>	<u>\$ (247,838)</u>	<u>\$ -</u>	<u>\$ 3,862,023</u>

Depreciation expense in the amount of \$247,838 was charged to functions/programs of the District as general government.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations at December 31, 2016, were as follows:

	Balance at December 31, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
Governmental Activities:					
Loan issuance					
Series 2012	\$ 2,235,000	\$ -	\$ (60,000)	\$ 2,175,000	\$ 60,000
Developer advances - Capital	3,332,229	-	-	3,332,229	-
Developer advance interest - Capital	141,962	152,050	-	294,012	-
	<u>\$ 5,709,191</u>	<u>\$ 152,050</u>	<u>\$ (60,000)</u>	<u>\$ 5,801,241</u>	<u>\$ 60,000</u>

The detail of the District's long-term obligations is as follows:

\$2,400,000 Bank Qualified Tax-Free Loan, Series 2012

The District entered into a loan agreement with BBVA Compass Bank dated December 12, 2012, in the amount of \$2,400,000. Principal and interest payment are due June 1 and December 1 in varying amounts through December 1, 2022, with the net effective interest rate of 2.74%. The District has the option to prepay the loan plus prepayment costs. The District may issue additional subordinate debt with the written consent of the Lender. The maximum mill levy imposed by Districts No. 2 and No. 3 for subordinate debt is 50.000 mills and the subordinate debt will be a cash flow obligation. For 2016 collections, Districts No. 2 and No. 3 have levied 30.000 mills, of which 21.150 mills is dedicated to debt service payments.

The District's long-term obligations will mature as follows:

	Principal	Interest	Total
2017	\$ 60,000	\$ 59,595	\$ 119,595
2018	60,000	57,951	117,951
2019	65,000	56,307	121,307
2020	65,000	54,526	119,526
2021	65,000	52,745	117,745
2022	1,860,000	50,964	1,910,964
	<u>\$2,175,000</u>	<u>\$332,088</u>	<u>\$2,507,088</u>

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Capital Pledge Agreement

In connection with the Loan, the Districts entered into a Capital Pledge Agreement whereby District No. 2 and District No. 3 agree that through levy year 2020 and so long as amounts are due and owing on the Loan, District No. 2 and District No. 3 will impose a mill levy upon all taxable property in an amount when combined with the Specific Ownership Tax Revenues, will produce ad valorem property tax revenue sufficient to pay the principal of and interest on the Loan. Commencing in levy year 2021 and, if the Loan is not paid in full on the Maturity Date, in each year thereafter until such time as the Loan is fully paid and no amounts remain due and owing under the Loan Agreement, District No. 2 and District No. 3 will be required to impose the Mandatory Capital Levy which is defined as the greater of revenue generated from 65.000 mills, the highest mill levy in effect during the term of the Loan, or the number of mills necessary to generate the same amount of revenue that would have been generated by the imposition of 65.000 mills on the Aggregate Final Certified Assessed Value as of December 2012.

Debt Authorization

On May 2, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$500,000,000. As of December 31, 2016, the District had authorized but unissued general obligation indebtedness in the following amounts allocated for the following purposes:

Purpose	Amount Authorized	Amount Used Series 2012	Remaining Authorization
Streets	\$ 50,000,000	\$ 2,400,000	\$ 47,600,000
Traffic and safety controls	50,000,000	-	50,000,000
Transportation	50,000,000	-	50,000,000
Mosquito control	50,000,000	-	50,000,000
Waste disposal	50,000,000	-	50,000,000
Television relay and translation	50,000,000	-	50,000,000
Security services	50,000,000	-	50,000,000
Debt refunding	50,000,000	-	50,000,000
Developer reimbursement	50,000,000	-	50,000,000
Operations and maintenance	50,000,000	-	50,000,000
Total	\$ 500,000,000	\$ 2,400,000	\$ 497,600,000

Pursuant to the Consolidated Service Plan, the Districts are collectively limited to issuing general obligation debt of \$50,000,000.

Subsequent to year end, the residential assessment rate was changed from 7.96% to 7.20%. The Service Plan limitation for District No. 2 (residential District) could be increased to 55.278 mills. The final adjusted mill levy will be determined as part of the District's 2018 budgeting process.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

NOTE 6 - RELATED PARTY

The Developer of the property which constitutes the District is Intrawest/Winter Park Development Corporation. The majority of the members of the Board of Directors are employees or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

Developer Advance

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

Infrastructure Acquisition and Reimbursement Agreement

On November 17, 2006, the District and Intrawest/Winter Park Development Corporation (Developer) entered into an Infrastructure Acquisition and Reimbursement Agreement (which was amended and restated on December 28, 2007). The Developer will construct certain Public Infrastructure improvements and will be reimbursed by the District for those improvements that are determined to be "District Eligible Costs". The District will accept Public Infrastructure improvements and become obligated to reimburse for the District eligible costs upon satisfaction of certain terms and conditions of the Agreement, including, but not limited to, receipt of a "Cost Certification" from a CPA, an "Engineer's Certification" by an engineer, proof of sufficient ownership or easement interest, and either conveyance by Bill of Sale to the District or proof of dedication to another qualified governmental entity. Upon acceptance of eligible costs by the District, interest will accrue at 8% per annum from the date of acceptance. During the year ended December 31, 2014, the Developer forgave interest accrued and unpaid through December 31, 2014. Effective January 1, 2015, a new interest rate as determined by the Wall Street Journal Prime Rate, plus 1.00%, will accrue on unpaid balances. The new interest rate will be capped at 8%. As of December 31, 2016, outstanding advances under the agreement totaled \$3,332,229 and accrued interest totaled \$294,012. As of December 31, 2016, the interest rate for outstanding advances is 4.75%.

Funding and Reimbursement Agreement

On December 8, 2006, the District and the Developer entered into a Funding and Reimbursement Agreement (which was amended and restated on May 22, 2009). The Developer will fund the costs related to the Public Infrastructure and costs in the nature of general operating, administrative and maintenance costs, such as attorneys, engineers, architects, surveyors, district management, accounting, auditing, and insurance. The District will accrue interest at a rate of 8% per annum from the date any such advance is made. As of December 31, 2016, all advances under this agreement have been repaid to the Developer.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 - NET POSITION

The District has net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2016, the District had net investment in capital assets as follows:

	<u>Governmental Activities</u>
Net investment in capital assets	
Capital assets, net	\$ 3,862,023
Current portion of outstanding long-term obligations	(60,000)
Noncurrent portion of outstanding long-term obligations	<u>(2,115,000)</u>
Net investment in capital assets	<u>\$ 1,687,023</u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2016, the District had restricted net position as follows:

	<u>Governmental Activities</u>
Restricted net position:	
Emergencies	\$ 1,600
Debt service	<u>64</u>
Total restricted net position	<u>\$ 1,664</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of loans issued for public improvements.

NOTE 8 – DISTRICT AGREEMENT

The relationship between the Service District and the Financing Districts was established by execution of a Master Intergovernmental Agreement (Master IGA) on November 17, 2006. The Master IGA provides for the Financing Districts to levy the taxes necessary to pay the Service District for the costs of the design, acquisition, installation and construction of certain public improvements identified in the Consolidated Service Plan. In exchange, the Service District will construct or cause the construction of the public improvements and provide for their operation and maintenance. Under the intergovernmental agreement, the Service District is also responsible for coordinating the funding and construction of public improvements for the project. The Financing Districts will provide the primary revenue stream for any bonds or other obligations issued to fund the public improvements.

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - RISK MANAGEMENT

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

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

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

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 6, 2006, the District voters passed an election question allowing the District to increase property taxes up to \$2,000,000 annually, without limitation of rate, to pay the District's operations, maintenance and other expenses.

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.

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

SUPPLEMENTARY INFORMATION

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental revenue - District No. 2	\$ 89,055	\$ 90,024	\$ 969
Intergovernmental revenue - District No. 3	32,347	32,710	363
Total revenues	<u>121,402</u>	<u>122,734</u>	<u>1,332</u>
EXPENDITURES			
Debt service			
Loan principal	60,000	60,000	-
Loan interest	61,239	61,239	-
Total expenditures	<u>121,239</u>	<u>121,239</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	163	1,495	1,332
FUND BALANCES - BEGINNING OF YEAR	<u>2,409</u>	<u>3,535</u>	<u>1,126</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,572</u></u>	<u><u>\$ 5,030</u></u>	<u><u>\$ 2,458</u></u>

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

\$2,400,000 Bank Qualified Tax-Free Loan, Series 2012 Dated December 12, 2012 Interest at 2.74% Payable June 1 and December 1			
December 31,	Principal Due December 1		
	Principal	Interest	Total
2017	\$ 60,000	\$ 59,595	\$ 119,595
2018	60,000	57,951	117,951
2019	65,000	56,307	121,307
2020	65,000	54,526	119,526
2021	65,000	52,745	117,745
2022	1,860,000	50,964	1,910,964
	<u>\$ 2,175,000</u>	<u>\$ 332,088</u>	<u>\$ 2,507,088</u>

VILLAGE AT WINTER PARK RESORT METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
FOR DISTRICT NO. 2 AND DISTRICT NO. 3
December 31, 2016

District No. 2

Year Ended <u>December 31,</u>	Prior Year Assessed	Mills Levied		Total Property Taxes		Percent Collected to Levied
	Valuation for Current Year	General	Debt	Levied	Collected	
	Tax Levy		Service			
2012	\$ 4,507,630	30.000	0.000	\$ 135,229	\$ 136,146	100.68%
2013	\$ 4,455,590	10.900	19.100	\$ 133,668	\$ 133,814	100.11%
2014	\$ 4,555,780	10.400	19.600	\$ 136,673	\$ 136,673	100.00%
2015	\$ 4,552,070	10.400	19.600	\$ 136,563	\$ 136,562	100.00%
2016	\$ 4,204,040	8.850	21.150	\$ 126,121	\$ 127,694	101.25%
Estimated for the year ending December 31, 2017						
	\$ 4,195,000	9.000	21.000	\$ 125,850		

District No. 3

Year Ended <u>December 31,</u>	Prior Year Assessed	Mills Levied		Total Property Taxes		Percent Collected to Levied
	Valuation for Current Year	Debt		Levied	Collected	
	Tax Levy	General	Service			
2012	\$ 1,673,480	30.000	0.000	\$ 50,204	\$ 50,204	100.00%
2013	\$ 1,779,820	10.900	19.100	\$ 53,395	\$ 52,255	97.86%
2014	\$ 1,530,250	10.400	19.600	\$ 45,908	\$ 45,894	99.97%
2015	\$ 1,522,900	10.400	19.600	\$ 45,687	\$ 45,687	100.00%
2016	\$ 1,529,420	8.850	21.150	\$ 45,882	\$ 46,397	101.12%
Estimated for the year ending December 31, 2017						
	\$ 1,511,740	9.000	21.000	\$ 45,353		