

WEST POINT METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2017

with

Independent Auditors' Report

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Office of the State Auditor

September 28, 2018

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Board of Directors
West Point Metropolitan District
Jefferson County, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of West Point Metropolitan District (the "District") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of West Point Metropolitan District as of December 31, 2017, 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

Management has omitted the management's discussion and analysis that accounting principles general 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.

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

Stratagem PC
Certified Public Accountants
Lakewood, Colorado

September 28, 2018

WEST POINT METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash	\$ 420,947	\$ -	\$ -	\$ 420,947	\$ -	\$ 420,947
Cash - restricted	8,225	-	-	8,225	-	8,225
Receivable County Treasurer	4,980	1,120	-	6,100	-	6,100
Property taxes receivable	677,714	158,437	-	836,151	-	836,151
Due from other funds	1,120	-	-	1,120	(1,120)	-
Capital assets, net of accumulated depreciation	-	-	-	-	688,851	688,851
Total Assets	<u>1,112,986</u>	<u>159,557</u>	<u>-</u>	<u>1,272,543</u>	<u>687,731</u>	<u>1,960,274</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	128,552	128,552
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,552</u>	<u>128,552</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,112,986</u>	<u>\$ 159,557</u>	<u>\$ -</u>	<u>\$ 1,272,543</u>		
LIABILITIES						
Accounts payable	\$ 27,070	\$ -	\$ -	\$ 27,070	-	27,070
Accrued interest on bonds	-	-	-	-	31,050	31,050
Due to other funds	-	1,120	-	1,120	(1,120)	-
Long-term liabilities:						
Due within one year	-	-	-	-	460,000	460,000
Due in more than one year	-	-	-	-	5,403,685	5,403,685
Total Liabilities	<u>27,070</u>	<u>1,120</u>	<u>-</u>	<u>28,190</u>	<u>5,893,615</u>	<u>5,921,805</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>677,714</u>	<u>158,437</u>	<u>-</u>	<u>836,151</u>	<u>-</u>	<u>836,151</u>
Total Deferred Inflows of Resources	<u>677,714</u>	<u>158,437</u>	<u>-</u>	<u>836,151</u>	<u>-</u>	<u>836,151</u>
FUND BALANCE						
Restricted:						
Emergencies	8,225	-	-	8,225	(8,225)	-
Unassigned	<u>399,977</u>	<u>-</u>	<u>-</u>	<u>399,977</u>	<u>(399,977)</u>	<u>-</u>
Total Fund Balances	<u>408,202</u>	<u>-</u>	<u>-</u>	<u>408,202</u>	<u>(408,202)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,112,986</u>	<u>\$ 159,557</u>	<u>\$ -</u>	<u>\$ 1,272,543</u>		
NET POSITION						
Restricted for:						
Emergencies					8,225	8,225
Unrestricted					<u>(4,677,355)</u>	<u>(4,677,355)</u>
Total Net Position (Deficit)					<u>\$ (4,669,130)</u>	<u>\$ (4,669,130)</u>

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

WEST POINT METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 9,395	\$ -	\$ -	\$ 9,395	\$ -	\$ 9,395
Insurance	4,023	-	-	4,023	-	4,023
Legal	5,942	-	-	5,942	-	5,942
Management fees	8,871	-	-	8,871	-	8,871
Capital expenditures	-	-	39,266	39,266	(39,266)	-
Irrigation water & electric	99,098	-	-	99,098	-	99,098
Landscape maintenance	145,011	-	-	145,011	-	145,011
Treasurer's fees	10,133	2,278	-	12,411	-	12,411
Bond principal	-	430,000	-	430,000	(430,000)	-
Bond interest expense	-	212,321	-	212,321	(31,636)	180,685
Paying agent fees	-	600	-	600	-	600
Depreciation	-	-	-	-	52,353	52,353
Total Expenditures	282,473	645,199	39,266	966,938	(448,549)	518,389
GENERAL REVENUES						
Property taxes	675,272	151,824	-	827,096	-	827,096
Specific ownership taxes	65,972	14,833	-	80,805	-	80,805
Interest income	1,524	60	-	1,584	-	1,584
Total General Revenues	742,767	166,717	-	909,484	-	909,484
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	460,294	(478,482)	(39,266)	(57,454)	448,549	391,095
OTHER FINANCING SOURCES (USES)						
Transfer from (to) other funds	(517,748)	478,482	39,266	-	-	-
Total Other Financing Sources (Uses)	(517,748)	478,482	39,266	-	-	-
NET CHANGES IN FUND BALANCES	(57,454)	-	-	(57,454)	57,454	
CHANGES IN NET POSITION					391,095	391,095
FUND BALANCE/NET ASSETS:						
BEGINNING OF YEAR	465,656	-	-	465,656	(5,525,881)	(5,060,225)
END OF YEAR	\$ 408,202	\$ -	\$ -	\$ 408,202	\$ (5,077,332)	\$ (4,669,130)

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

WEST POINT METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2017

	Original/Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 675,271	\$ 675,272	\$ 1
Specific ownership taxes	47,270	65,972	18,702
Interest income	<u>1,006</u>	<u>1,524</u>	<u>518</u>
Total Revenues	<u>723,547</u>	<u>742,767</u>	<u>19,220</u>
EXPENDITURES			
Accounting and audit	12,000	9,395	2,605
Insurance	4,200	4,023	177
Legal	8,000	5,942	2,058
Management fees	10,800	8,871	1,929
Miscellaneous expenses	3,000	-	3,000
Irrigation Water & Electric	80,000	99,098	(19,098)
Landscape Maintenance	130,000	145,011	(15,011)
Treasurers fees	10,129	10,133	(4)
Contingency	444,985	-	444,985
Emergency reserve	<u>7,744</u>	<u>-</u>	<u>7,744</u>
Total Expenditures	<u>710,858</u>	<u>282,473</u>	<u>428,385</u>
EXCESS OF REVENUES OVER EXPENDITURES	12,689	460,294	447,605
OTHER FINANCING SOURCES (USES)			
Transfer from (to) other funds	<u>(475,133)</u>	<u>(517,748)</u>	<u>(42,615)</u>
Total Other Financing Sources (Uses)	<u>(475,133)</u>	<u>(517,748)</u>	<u>(42,615)</u>
NET CHANGES IN FUND BALANCES	(462,444)	(57,454)	404,990
FUND BALANCE:			
BEGINNING OF YEAR	<u>\$ 462,444</u>	<u>\$ 465,656</u>	<u>\$ 3,212</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 408,202</u>	<u>\$ 408,202</u>

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized on July 20, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide for improvements of collector and arterial roads, related drainage, landscape areas, signage and signalization, and landscape maintenance. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Basis of Presentation

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

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

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.

The District anticipates amending its total appropriations in the in the Capital Projects Fund from \$0 to \$40,000 for the purpose of constructing capital improvements however at this time the amendment has not occurred, this may be a violation of State Statutes.

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, 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits

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

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

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 item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

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

Original Issue Premium and Deferred Loss on Refunding

The original issue premium from the Series 2010 Bonds and the Series 2016 Bonds is being amortized over the life of the bonds using the effective interest method. The deferred loss on refunding is being amortized over the life of the bonds effective interest method. Accumulated amortization of original issue premium and the deferred losses on refunding amounted to \$74,158 and \$55,476 respectively, at December 31, 2017.

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 acquisition value at the date of donation.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. Depreciation expense of \$52,353 was recognized during 2017.

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

Land Improvements	25 - 50 years
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Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

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

Nonspendable Fund Balance

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

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 \$8,225 of the General Fund balance has been restricted in compliance with this requirement.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

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

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

Note 2: Cash

As of December 31, 2017, cash is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash	\$ 420,947
Cash – restricted	<u>8,225</u>
	<u>\$ 429,172</u>

Cash as of December 31, 2017, consist of the following:

Deposits with financial institutions	<u>\$ 429,172</u>
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Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2017, follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
<u>Governmental Type Activities:</u>				
<u>Capital assets being depreciated:</u>				
Land Improvements	\$ 1,419,251	\$ 39,266	\$ -	\$ 1,458,517
Total capital assets:	1,419,251	39,266	-	1,458,517
Accumulated Depreciation	(717,313)	(52,353)	-	(769,666)
Net capital assets being depreciated:	701,938	(13,087)	-	688,851
Government type assets, net	\$ 701,938	\$ (13,087)	\$ -	\$ 688,851

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

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2017, is as follows:

General Obligation Limited Tax Refunding Bonds Series 2010

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

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

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

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

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

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

The following is an analysis of changes in long-term debt for the period ending December 31, 2017:

	Balance			Balance	Current
	1/1/2017	Additions	Deletions	12/31/2017	Portion
Series 2010 Bonds	\$ 2,365,000	\$ -	\$ 130,000	\$ 2,235,000	130,000
Series 2016 Bonds	<u>3,725,000</u>	-	<u>300,000</u>	<u>3,425,000</u>	<u>330,000</u>
	6,090,000	-	430,000	5,660,000	<u>\$ 460,000</u>
Original issue discounts -					
Series 2010	29,834	-	4,131	25,703	
Series 2016	<u>216,886</u>	-	<u>38,904</u>	<u>177,982</u>	
	<u>\$ 6,336,720</u>	<u>\$ -</u>	<u>\$ 473,035</u>	<u>\$ 5,863,685</u>	

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

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

	Principal	Interest	Total
2018	\$ 460,000	\$ 186,300	646,300
2019	470,000	172,175	642,175
2020	485,000	160,750	645,750
2021	495,000	148,950	643,950
2022	510,000	135,425	645,425
2023-2027	2,920,000	377,237	3,297,237
2028-2029	320,000	23,800	343,800
	\$ 5,660,000	\$ 1,204,637	\$ 6,864,637

On November 3, 1998, and November 5, 2002, the District voters approved debt issuance of \$7,500,000 and \$1,000,000 respectively. The District has not budgeted to issue any new debt during 2018. Per the District’s Service Plan, the District cannot issue debt in excess of \$8,500,000. As of December 31, 2017, \$8,500,000 has been issued.

Note 5: Tax, Spending and Debt Limitations

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

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

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

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

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

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

Note 6: Risk Management

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

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 7: Interfund and Operating Transfers

The transfer of \$478,482 from the General Fund to the Debt Service Fund was to transfer funds for the purpose of debt service and a transfer of \$39,266 from the General Fund to the Capital Projects Fund was to transfer fund for the purpose of constructing capital improvements.

Note 8: Developer’s Fee Agreement

In 2002, the Board of Directors authorized Development Fees to be assessed against the property within the District in the amount of \$1,000 per residential unit and \$5,000 per acre of commercial property. The fees are assessed at the time a building permit is issued. Fifty percent of the revenue received from the fee is utilized for debt service and fifty percent is utilized for District operations. No development fees were collected by the District during 2017.

WEST POINT METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

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

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

- 1) governmental funds report 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

WEST POINT METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2017

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 151,824	\$ 151,824	\$ -
Specific ownership taxes	10,629	14,833	4,204
Interest income	<u>1,000</u>	<u>60</u>	<u>(940)</u>
Total Revenues	<u>163,453</u>	<u>166,717</u>	<u>3,264</u>
EXPENDITURES			
Bond interest	212,321	212,321	-
Bond principal	430,000	430,000	-
Paying agent fees	1,500	600	900
Treasurers' fees	<u>2,277</u>	<u>2,278</u>	<u>(1)</u>
Total Expenditures	<u>646,098</u>	<u>645,199</u>	<u>899</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(482,645)	(478,482)	4,163
OTHER FINANCING SOURCES (USES)			
Transfer from (to) other funds	<u>475,133</u>	<u>478,482</u>	<u>3,349</u>
Total Other Financing Sources (Uses)	<u>475,133</u>	<u>478,482</u>	<u>3,349</u>
NET CHANGES IN FUND BALANCE	(7,512)	-	7,512
FUND BALANCE:			
BEGINNING OF YEAR	<u>7,512</u>	<u>-</u>	<u>(7,512)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

WEST POINT METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2017

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ -	\$ -
Total Revenues	-	-	(39,266)
EXPENDITURES			
Capital expenditures	-	39,266	(39,266)
Total Expenditures	-	39,266	(39,266)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(39,266)	-
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	-	39,266	39,266
Total Other Financing Sources (Uses)	-	39,266	39,266
NET CHANGES IN FUND BALANCE	-	-	39,266
FUND BALANCE:			
BEGINNING OF YEAR	-	-	-
END OF YEAR	\$ -	\$ -	\$ 39,266

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

WEST POINT METROPOLITAN DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2017

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

Interest Payable May 1 and November 1

Principal Due November 1

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 130,000	\$ 94,800	\$ 224,800
2019	135,000	90,575	225,575
2020	140,000	85,850	225,850
2021	145,000	80,950	225,950
2022	150,000	74,425	224,425
2023	475,000	67,675	542,675
2024	500,000	46,300	546,300
2025	80,000	23,800	103,800
2026	75,000	20,400	95,400
2027	85,000	17,212	102,212
2028	80,000	13,600	93,600
2029	<u>240,000</u>	<u>10,200</u>	<u>250,200</u>
	<u>\$ 2,235,000</u>	<u>\$ 625,787</u>	<u>\$ 2,860,787</u>

WEST POINT METROPOLITAN DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2017

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

Interest Payable May 1 and November 1

Principal Due November 1

Year Ended				
<u>December 31,</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2018	\$ 330,000	\$	91,500	\$ 421,500
2019	335,000		81,600	416,600
2020	345,000		74,900	419,900
2021	350,000		68,000	418,000
2022	360,000		61,000	421,000
2023	50,000		50,200	100,200
2024	45,000		49,200	94,200
2025	465,000		48,300	513,300
2026	485,000		34,350	519,350
2027	660,000		19,800	679,800
	<u>\$ 3,425,000</u>	<u>\$</u>	<u>578,850</u>	<u>\$ 4,003,850</u>

WEST POINT METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2017

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property <u>Tax Levy</u>	Mills Levied		Total Property Tax		Percent Collected to Levied
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2000	\$ 466,870	30.000	0.000	\$ 14,006	\$ 14,012	100.04%
2001	\$ 156,820	30.000	0.000	\$ 4,705	\$ 4,704	99.98%
2002	\$ 825,580	30.000	5.000	\$ 28,895	\$ 28,897	100.01%
2003	\$ 2,554,560	30.000	5.000	\$ 89,410	\$ 89,443	100.04%
2004	\$ 6,410,057	30.000	5.000	\$ 224,352	\$ 224,456	100.05%
2005	\$ 10,173,120	30.000	5.000	\$ 356,059	\$ 345,097	96.92%
2006	\$ 15,852,220	35.245	5.874	\$ 651,827	\$ 628,424	96.41%
2007	\$ 18,502,900	35.245	5.874	\$ 760,820	\$ 748,990	98.45%
2008	\$ 20,839,600	35.245	5.874	\$ 856,904	\$ 852,141	99.44%
2009	\$ 20,993,660	35.245	5.874	\$ 863,238	\$ 857,434	99.33%
2010	\$ 21,248,470	35.245	5.874	\$ 873,716	\$ 870,842	99.67%
2011	\$ 21,734,050	35.245	5.874	\$ 893,683	\$ 891,842	99.79%
2012	\$ 20,927,693	35.245	5.874	\$ 860,526	\$ 860,525	100.00%
2013	\$ 20,912,596	35.245	5.874	\$ 859,905	\$ 859,903	100.00%
2014	\$ 22,145,169	35.245	5.874	\$ 910,587	\$ 909,454	99.88%
2015	\$ 22,484,104	30.126	5.874	\$ 809,428	\$ 792,851	97.95%
2016	\$ 26,236,253	26.126	5.874	\$ 839,560	\$ 831,893	99.09%
2017	\$ 25,846,729	26.126	5.874	\$ 827,095	\$ 827,096	100.00%
Estimated for year ending December 31, 2018	\$ 26,972,655	25.126	5.874	\$ 836,152		

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.