

THE POINT METROPOLITAN DISTRICT
Arapahoe County, Colorado
—
FINANCIAL STATEMENTS
December 31, 2020

L. PAUL GOEDECKE P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT I-II

BASIC FINANCIAL STATEMENTS

Governmental Funds Balance Sheet/Statement of Net Position 1

Statement of Governmental Fund Revenues, Expenditures, and Changes
in Fund Balances/Statement of Activities 2

General Fund - Statement of Revenues, Expenditures,
And Changes in Fund Balance – Budget and Actual 3

Notes to Financial Statements 4-12

Supplemental Information

Debt Service Fund - Schedule of Revenues, Expenditures,
And Changes in Fund Balance – Budget and Actual 13

Capital Projects Fund - Schedule of Expenditures,
And Changes in Fund Balance – Budget and Actual 14

Independent Auditor's Report

Board of Directors
The Point Metropolitan District
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of The Point Metropolitan District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the The Point Metropolitan District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Economic Dependency

The District has not yet established a revenue base sufficient to pay its operational expenditures. As discussed in Note 12, the District is dependent upon the Developer of the District's service area to provide funds for such expenditures.

Other Matters

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

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



L. Paul Goedecke, P.C.
September 13, 2021

THE POINT METROPOLITAN DISTRICT

**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
December 31, 2020**

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS:						
Cash and investments -	\$ 40,011	\$ (24,861)	\$ 7,673	\$ 22,823	\$ -	\$ 22,823
Cash and investments - restricted	-	4,641	-	4,641	-	4,641
Cash and investments - reserve acct	-	506,498	23,240	529,738	-	529,738
Cash and investments - AURA reserve	-	\$ 34,170	656,549	690,719	-	690,719
Property taxes receivable - current	-	262	-	262	-	262
Property taxes receivable	3,204	10,681	-	13,885	-	13,885
Capital assets not being depreciated	-	-	-	-	7,968,843	7,968,843
Total assets	<u>43,215</u>	<u>531,391</u>	<u>687,462</u>	<u>1,262,068</u>	<u>7,968,843</u>	<u>9,230,911</u>
LIABILITIES:						
Long term liabilities:						
Due within one year	-	-	-	-	280,702	280,702
Due in more than one year	-	-	-	-	8,932,570	8,932,570
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,213,272</u>	<u>9,213,272</u>
DEFERRED INFLOW OF RESOURCES						
Property tax revenue	3,204	10,681	-	13,885	-	13,885
Total deferred inflow of resources	<u>3,204</u>	<u>10,681</u>	<u>-</u>	<u>13,885</u>	<u>-</u>	<u>13,885</u>
FUND BALANCE/NET POSITION						
Restricted:						
Emergencies	1,500	-	-	1,500	(1,500)	-
Debt service	-	520,710	-	520,710	(520,710)	-
Capital projects	-	-	687,462	687,462	(687,462)	-
Unassigned	38,511	-	-	38,511	(38,511)	-
Total fund balances	<u>40,011</u>	<u>520,710</u>	<u>687,462</u>	<u>1,248,183</u>	<u>(1,248,183)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 43,215</u>	<u>\$531,391</u>	<u>\$687,462</u>	<u>\$ 1,262,068</u>		
NET POSITION						
Invested in capital assets, net of related debt					(1,244,429)	(1,244,429)
Restricted for:						
Emergencies					1,500	1,500
Debt service					520,710	520,710
Capital projects					687,462	687,462
Unrestricted					38,511	38,511
Total net position					<u>\$ 3,754</u>	<u>\$ 3,754</u>

NOTE: The accompanying notes are an integral part of the financial statements.

THE POINT METROPOLITAN DISTRICT

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES/STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

	General	Debt Service	Capital Project	Total	Adjustments	Statement of Activities
EXPENDITURES						
Professional fees	\$ 3,132	\$ -	\$ -	\$ 3,132	\$ -	\$ 3,132
Insurance	2,470	-	-	2,470	-	2,470
Director fees	400	-	-	400	-	400
Miscellaneous expense	283	-	-	283	-	283
Management fees	2,500	-	-	2,500	-	2,500
Treasurer's fees	31	115	-	146	-	146
Debt service:						
Loan principal		31,000	-	31,000	(31,000)	-
Loan interest	-	364,004	-	364,004	-	364,004
Interest on advances			-	-	8,009	8,009
Paying agent fees		3,089	-	3,089	-	3,089
Capital Improvements	-	-	757,784	757,784	(757,784)	-
Total expenditures/expenses	<u>8,816</u>	<u>398,208</u>	<u>757,784</u>	<u>1,164,808</u>	<u>(780,775)</u>	<u>384,033</u>
REVENUES						
Property taxes	2,044	7,664	-	9,708	-	9,708
Specific ownership taxes	-	3,796	-	3,796	-	3,796
Sales Tax revenue	-	763,934	-	763,934	-	763,934
Interest income	-	6	166	172	-	172
Total revenues	<u>2,044</u>	<u>775,400</u>	<u>166</u>	<u>777,610</u>	<u>-</u>	<u>777,610</u>
EXCESS (DEFICIENCY) OF EXPENDITURES OVER REVENUES	<u>(6,772)</u>	<u>377,192</u>	<u>(757,618)</u>	<u>(387,198)</u>	<u>780,775</u>	<u>393,577</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	683,149	683,149	(683,149)	-
Developer Advances	-	-	17,500	17,500	(17,500)	-
Transfer (to) from other funds	3,542	21,547	(25,089)	-	-	-
Developer contributions	-	95,000	95,000	190,000	-	190,000
Total Other Financing Sources (Uses)	<u>3,542</u>	<u>116,547</u>	<u>770,560</u>	<u>890,649</u>	<u>(700,649)</u>	<u>190,000</u>
NET CHANGES IN FUND BALANCES	(3,230)	493,739	12,942	503,451	(503,451)	-
CHANGE IN NET POSITION					583,577	583,577
FUND BALANCE/NET POSITION						
BEGINNING OF YEAR	<u>43,241</u>	<u>26,971</u>	<u>674,520</u>	<u>744,732</u>	<u>(1,324,555)</u>	<u>(579,823)</u>
END OF YEAR	<u>\$ 40,011</u>	<u>\$ 520,710</u>	<u>\$ 687,462</u>	<u>\$ 1,248,183</u>	<u>\$ (1,244,429)</u>	<u>\$ 3,754</u>

NOTE: The accompanying notes are an integral part of the financial statements.

THE POINT METROPOLITAN DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
Year Ended December 31, 2020

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 4,229	\$ 2,044	\$ (2,185)
Property taxes ARI	7,048	-	(7,048)
Interest income	<u>5</u>	<u>-</u>	<u>(5)</u>
Total revenues	<u>11,282</u>	<u>2,044</u>	<u>(9,238)</u>
EXPENDITURES			
Accounting, audit and miscellaneous	6,900	3,415	3,485
Insurance	2,500	2,470	30
Management fees	2,500	2,500	
Directors fees	400	400	-
ARI	7,048	-	7,048
Treasurer's fees	<u>63</u>	<u>31</u>	<u>32</u>
Total expenditures	<u>19,411</u>	<u>8,816</u>	<u>10,595</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,129)</u>	<u>(6,772)</u>	<u>1,357</u>
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	613	3,542	2,929
Developer contributions	<u>7,616</u>	<u>-</u>	<u>(7,616)</u>
Total other financing sources (uses)	<u>8,229</u>	<u>3,542</u>	<u>(4,687)</u>
NET CHANGE IN FUND BALANCE	100	(3,230)	(3,330)
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>43,241</u>	<u>43,241</u>
END OF YEAR	<u>\$ 100</u>	<u>\$ 40,011</u>	<u>\$ 39,911</u>

NOTE: The accompanying notes are an integral part of the financial statements.

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2020

NOTE 1 – DEFINITION OF REPORTING ENTITY

Definition of Reporting Entity

The Point Metropolitan District (The District), a quasi-municipal corporation, was organized on February 22, 2006 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in City of Aurora, Colorado. The District was established to provide for a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction

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

The District follows the Governmental Accounting Standards Boards (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 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:

Basis of Presentation

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

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. Property taxes are recognized as revenues in the year for which they are levied.

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 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 government 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.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of 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.

Fund Balances

Beginning with fiscal year 2011 the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements, the following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision-making authority, the Board of Directors prior to the end of the current fiscal year. 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.

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

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

Budgets

In accordance with the State Budget Law, 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 appropriation is at the total fund expenditures 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. Subsequent to the year end the District amended its debt service budget from \$322,114 to \$398,208.

Cash

The District follows the practice of pooling cash 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 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.

Property Taxes

Property taxes are levied by the District 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 assess the property tax obligation of the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or at the taxpayers’ election, in equal installments in February and June. Delinquent taxpayers are notified in 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. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Restricted Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$ 1,500 of the General Fund balance has been restricted in compliance with this requirement.

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statement as follows:

Cash in checking	27,464
Cash and investments – restricted	<u>1,220,457</u>
	<u>\$ 1,247,921</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	<u>\$ 1,247,921</u>
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Cash Deposits

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, 2020, the District's cash deposits had a bank balance of \$ 177,016 and a carrying balance of \$ 27,464. The District had funds in trust with CoBiz bank in the amount of \$1,220,457 held in a U.S. Treasury reserve fund.

Investments

Credit Risk

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

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

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk.

The local government investment pools include the Colorado Local Government Liquid Assets Trust (ColoTrust) rated AAAM by Standard & Poor's.

Interest Rate Risk

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 or sinking fund requirements.

Restricted Cash and Investments

As of December 31, 2020, \$520,448 of cash and investments were restricted for debt service and \$687,462 in the Capital Projects Fund.

NOTE 4 – LONG-TERM OBLIGATIONS

Following is an analysis of the changes in the District's Long-term obligations for the year ended December 31, 2020:

	Balance at 1/1/2020	Additions	Reductions	Balance at 12/31/2020	Due within one year
Developer Advance	\$ 100,114	\$ 17,500	\$ -	\$ 117,614	\$ -
Interest on Advance	-	8,009	-	8,009	-
G.O. Limited Tax Loan, Series 2018	8,435,500	683,149	31,000	9,087,649	280,702
	<u>\$ 8,535,614</u>	<u>\$ 708,658</u>	<u>\$ 31,000</u>	<u>\$ 9,213,272</u>	<u>\$ 280,702</u>

THE POINT METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

The following is a detail of the Districts long-term obligations as of the year ended December 31, 2020:

\$15,000,000 Incremental Revenue and Limited tax Loan Series 2020A. On August 13, 2020 the District issued a \$15,000,000 variable rate General Obligation Limited Tax Loan. The loan will fund capital expenditures through a series of advances for public improvements within the Districts. The loan is secured by a mill levy not to exceed 30 mills adjusted for any changes in the assessment ratio used by the State of Colorado to determine assessed valuation (Gallagher amendment). The District has been advanced funds through the limited tax loan in the amount of \$8,435,500.

The District is limited in the amount of indebtedness pursuant to its service plan to \$400,000,000.

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

Year	Principal	Interest	Total
2021	280,702	\$ 361,909	\$ 642,611
2022	281,702	307,140	588,842
2023	304,702	297,876	602,578
2024	311,702	287,696	599,398
2025	319,702	277,234	596,936
2026-2030	1,723,511	1,307,837	3,031,348
2031-2035	2,094,511	971,481	3,065,992
2036-2040	2,590,511	529,810	3,120,321
2041-2043	1,180,606	84,266	1,264,872
	<u>\$ 9,087,649</u>	<u>\$ 4,425,249</u>	<u>\$ 13,512,898</u>

Facilities and Operations Funding and Acquisition Agreements. On December 13, 2016 The District entered into agreements with the developer whereby the Developer will fund costs related to construction improvements and related construction costs which will be reimbursed from the issuance of bond proceeds. The District has agreed to reimburse the developer for these costs as well as organization and operational costs incurred by the District. The advances accrue interest at a rate of 8% per annum. The balance of these advances including any operating advances as of December 31, 2020 is \$117,614.

NOTE 5 – CAPITAL ASSETS

Capital Assets – Governmental Funds

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

Governmental Activities	Balance at 1/1/2020	Additions	Retirements	Balance at 12/31/2020
Capital assets, not being depreciated				
Infrastructure	\$ 7,211,059	\$ 757,784	\$ -	\$ 7,968,843
Total capital assets	<u>\$ 4,557,010</u>	<u>\$ 757,784</u>	<u>\$ -</u>	<u>\$ 7,968,843</u>

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Capital assets owned by the District will be transferred to other governmental entities; therefore, the District does not record depreciation on capital assets.

NOTE 6 – NET POSITION

Restricted assets include Net Position 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. The District has Net Position consisting of two components- restricted and unrestricted.

NOTE 7 – RELATED PARTY INFORMATION

The members of the Board of Directors of the District are employees, owners or associated with the Developer of the District, and may have conflicts of interest in dealing with the District. No management fees were paid to the Developer during 2020. The District intends to pay management fees in the future.

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to 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) as of December 31, 2020. 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 and public officials liability 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 9 – COMMITMENTS

ARI Mill Levy

The District is required by the Service Plan and the City IGA to impose a mill levy for ARI, which is defined in the Service Plan and the City IGA as the “ARI Mill Levy”, which is to be imposed as follows: five mills for collection beginning in the first year of collection of a debt service mill levy. The ARI Mill Levy is in addition to the amount of the Limited Mill Levy. The ARI Mill Levy does not constitute a portion of the Pledged Revenue and is not pledged to the payment of the Bonds.

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2020

NOTE 10 – TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal 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.

On May 2, 2006, a majority of the District's voters approved that the District be authorized to retain all revenues it received from its rates, fees, tolls and other charges (both operating and capital in nature) for facilities and services and any and all other revenues it receives in 2006 and in all subsequent years; and the District be authorized to spend such revenues as voter-approved revenue change and an exception to any spending limitations which might otherwise apply, without limiting the collection and spending of other revenues of the District in any one year.

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.

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

**NOTE 11 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND
FINANCIAL STATEMENTS**

Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets	\$	7,968,843
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Bond issue costs are amortized over the life of the bond issue and capitalized in the Statement of Net Position. Construction costs are also capitalized.

Loan and advance payable	\$	9,213,272
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Loan proceeds	\$	683,149
Capital improvements	\$	(757,784)
Developer advances	\$	(17,500)
Principal	\$	(31,000)

Governmental funds report loan proceeds as revenue and capital improvements as expenditures, developer repayments are recorded as expenditures and contributions as revenue. However in the Statement of Activities the developer repayment is reflected as a reduction in the outstanding debt and capital expenditures are reflected as capital assets.

NOTE 12 – ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer to advance funds for operations.

THE POINT METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – CONTINGENCY

The District hired a third-party engineer to review all District-related expenditures. During its review, the engineer determined that \$161,339.08 of costs reimbursed through the BOKF loan relate to Developer costs. Additionally, the Developer paid \$121,674.95 of District eligible costs directly. The District will execute a reconciliation resolution and the entities will inform the Lender (who has reviewed in detail all the draws) and true up the costs. Based on the total loan, the net amount is de minimis.

SUPPLEMENTAL INFORMATION

THE POINT METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
Year Ended December 31, 2020

	Original Budget	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 42,290	\$ 7,664	\$ 7,664	\$ -
Property taxes TIF	85,087	-	-	-
Specific ownership taxes	613	3,796	3,796	-
Sales tax revenue	658,807	763,934	763,934	-
Interest income	-	6	6	-
Total revenues	<u>786,797</u>	<u>775,400</u>	<u>775,400</u>	<u>-</u>
EXPENDITURES				
Loan interest	316,584	364,004	364,004	-
Loan principal	-	31,000	31,000	-
Paying agent fees	3,500	3,089	3,089	-
Emergency reserve	1,396	-	-	-
Treasurer's fees	634	115	115	-
Total expenditures	<u>322,114</u>	<u>398,208</u>	<u>398,208</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	464,683	377,192	377,192	-
OTHER FINANCING SOURCES (USES)				
Developer contributions	-	95,000	95,000	-
Transfer(to) from other funds	(613)	21,547	21,547	-
Total Other Financing Sources (Uses)	<u>(613)</u>	<u>116,547</u>	<u>116,547</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	464,070	493,739	493,739	-
FUND BALANCE – BEGINNING OF YEAR	<u>117,877</u>	<u>26,971</u>	<u>26,971</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u>\$ 581,947</u>	<u>\$ 520,710</u>	<u>\$ 520,710</u>	<u>\$ -</u>

NOTE: The accompanying notes are an integral part of the financial statements.

THE POINT METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
Year Ended December 31, 2020

	Original Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Interest Income	-	166	166
Total Revenue	-	166	166
EXPENDITURES			
Capital improvements	2,112,390	757,784	1,354,606
Total Expenditures	2,112,390	757,784	1,354,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(2,112,390)	(757,618)	1,354,772
OTHER FINANCING SOURCES (USES)			
Proceeds from Loan issue	1,920,355	683,149	(1,237,206)
Transfer to other funds	-	(25,089)	(25,089)
Developer Advances	-	17,500	17,500
Developer contributions	-	95,000	95,000
Total Other Financing Sources (Uses)	1,920,355	770,560	(1,149,795)
NET CHANGE IN FUND BALANCE			
	(192,035)	12,942	204,977
FUND BALANCE:			
BEGINNING OF YEAR	251,600	674,520	422,920
END OF YEAR	\$ 59,565	\$ 687,462	\$ 627,897

NOTE: The accompanying notes are an integral part of the financial statements.