

VDW METROPOLITAN DISTRICT NO. 1
Larimer County, Colorado

BASIC FINANCIAL STATEMENTS

December 31, 2015

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
VDW Metropolitan District No. 1
Larimer 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 VDW Metropolitan District No. 1, as of and for the year ended December 31, 2015, 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 VDW Metropolitan District No. 1, as of December 31, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary information on page 19 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise VDW Metropolitan District No. 1's financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such 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 individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

John Luther & Associates, LLC

July 27, 2016

Management's Discussion and Analysis

As management of VDW Metropolitan District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2015.

Financial Highlights

- Liabilities exceeded assets by \$8,245,844 at the end of the fiscal year. This deficit of net position is largely due to the District being responsible for the repayment of bonds and capital advances that were used for public improvements and then subsequently dedicated to other governments.
- At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$339,752.
- General Fund expenditures were \$186,475 for the year ended December 31, 2015. Included in this amount were costs incurred to provide the administration of the District, including accounting, legal, management, insurance, utilities, landscape maintenance and other costs.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$307,131, or 165% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by ad valorem taxes (*governmental activities*). The governmental activities of the District include the financing, construction of, and maintenance of governmental infrastructure including streets, water, sewer, storm, parks and recreation, and transportation and traffic improvements constructed or acquired by the District.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-side financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – General Fund, Debt Service Fund, and Capital Projects Fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 6-18 of this report.

Other information. The report includes individual fund schedules. A budgetary comparison schedule has been provided in this section for the Debt Service Fund and the Capital Projects Fund to demonstrate compliance with these budgets. The budget schedules are found after the *basic financial statements* on pages 19-21 of this report. A schedule of debt service requirements to maturity on the District's 2007 and 2011 Limited Property Tax Supported Revenue Bonds is included on pages 22-23 and schedules of comparative assessed valuation, mill levy and property taxes collected is included for VDW Metropolitan District Nos. 2 and 3 on pages 24-25.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's liabilities exceeded assets by \$8,245,844 at the close of the most recent fiscal year.

Net Position

	December 31,	
	2015	2014
Current assets	\$ 363,053	\$ 317,204
Capital assets	2,430,769	2,571,607
Total assets	<u>2,793,822</u>	<u>2,888,811</u>
Current liabilities	44,781	31,071
Long-term obligations	10,994,885	11,327,277
Total liabilities	<u>11,039,666</u>	<u>11,358,348</u>
Invested in capital assets, net of related debt	(51,386)	(51,386)
Restricted net position	24,866	43,070
Unrestricted net position	(8,219,324)	(8,461,221)
Total net position	<u><u>\$ (8,245,844)</u></u>	<u><u>\$ (8,469,537)</u></u>

During 2015, the District's capital assets decreased \$140,838; this is the result of annual depreciation. Current assets increased by \$45,849 from 2014 largely due to an increase in cash of \$44,341.

Change in Net Position

	December 31,	
	<u>2015</u>	<u>2014</u>
Revenue		
Service fees - District 2	\$ 368,024	\$ 327,634
Service fees - District 3	270,120	274,120
Other revenue	218,157	30
Total revenues	<u>856,301</u>	<u>601,784</u>
Expenses		
General government	(366,669)	(188,063)
Interest and related costs on long-term debt	<u>(265,939)</u>	<u>(272,753)</u>
Total expenses	<u>(632,608)</u>	<u>(460,816)</u>
Change in net assets	223,693	140,968
Net position - beginning	<u>(8,469,537)</u>	<u>(8,610,505)</u>
Net position - ending	<u><u>\$ (8,245,844)</u></u>	<u><u>\$ (8,469,537)</u></u>

The District's main revenue source for 2015 was service fees earned. The majority of the expenses for general government were legal, accounting, management, service plan amendment and landscape maintenance, which totaled \$186,475.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflow, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$339,752. This amount represents \$307,131 in unassigned fund balance that is available for spending at the government's discretion, in non-spendable balances made up of \$7,755 in prepaid expenses and \$24,866 in restricted fund balance comprised of \$18,100 for emergency reserves, and \$6,766 for capital projects and debt service.

General Fund Budgetary Highlights

The District's total General Fund expenditures for 2015 did not exceed the adopted budgeted appropriation. The difference between the adopted budgeted expenditures of \$237,319 and the actual expenditures of \$206,700 was \$30,619.

Capital Assets

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total outstanding bond indebtedness of \$3,700,000. Of this amount, \$2,555,000 was for the Series 2007 and \$1,145,000 was for the Series 2011 Limited Property Tax Supported Revenue Bonds. The Series 2007 are due December 1, 2032 and pay interest of 6.5% and the Series 2011 are due December 1, 2032 and pay interest of 8.0%

Additionally, the District had a long-term liability to the VDW Properties, LLC of \$7,294,885 as a result of funding provided by VDW Properties, LLC to the District for capital improvement costs.

Additional information on the District's long-term debt can be found in Note 5 of this report.

Next Year's Budgets and Rates

Budgeted General Fund expenditures for 2016 are \$401,109, and are anticipated to be funded with service fees.

Requests for Information

This financial report is designed to provide a general overview of the finances for VDW Metropolitan District No. 1. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: VDW Metropolitan District No. 1, c/o Pinnacle Consulting Group, Inc., 1627 East 18th Street, Loveland, CO 80538.

BASIC FINANCIAL STATEMENTS

VDW METROPOLITAN DISTRICT NO 1

STATEMENT OF NET POSITION
As of December 31, 2015

	Governmental Activities	
	2015	2014
ASSETS		
Cash and Investments	\$ 345,020	\$ 278,026
Cash and Investments - Restricted	5,125	27,778
Service Fees Receivable - District 2	2,971	2,212
Service Fees Receivable - District 3	2,182	1,851
Prepaid Expenses	7,755	7,337
Capital Assets, Depreciated, net	2,430,769	2,571,607
TOTAL ASSETS	2,793,822	2,888,811
LIABILITIES		
Accounts Payable	23,301	8,930
Accrued Interest	21,480	22,141
Noncurrent Liabilities		
Due within One Year	120,000	115,000
Due in More Than One Year	10,874,885	11,212,277
TOTAL LIABILITIES	11,039,666	11,358,348
NET POSITION		
Investment in Capital Assets	(51,386)	(51,386)
Restricted for		
Emergencies	18,100	18,100
Debt Service	5,125	4,198
Capital Projects	1,641	20,772
Unrestricted	(8,219,324)	(8,461,221)
TOTAL NET POSITION	\$ (8,245,844)	\$ (8,469,537)

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

VDW METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

	Governmental Activities	
	2015	2014
EXPENSES		
Governmental Activities		
General Government	\$ 366,669	\$ 188,063
Interest on Long-Term Debt	265,939	272,753
TOTAL EXPENSES	632,608	460,816
REVENUES		
GENERAL REVENUES		
Service Fees - District 2	368,024	327,634
Service Fees - District 3	270,120	274,120
Other Governmental Revenues	217,392	-
Investment Income	765	30
TOTAL REVENUES	856,301	601,784
CHANGE IN NET POSITION	223,693	140,968
NET POSITION, Beginning	(8,469,537)	(8,610,505)
NET POSITION, Ending	<u>\$ (8,245,844)</u>	<u>\$ (8,469,537)</u>

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

VDW METROPOLITAN DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	2014 TOTAL
ASSETS					
Cash and Investments	\$ 345,020	\$ -	\$ -	\$ 345,020	\$ 278,026
Cash and Investments - Restricted	-	-	5,125	5,125	27,778
Service Fees Receivable - District 2	2,971	-	-	2,971	2,212
Service Fees Receivable - District 3	2,182	-	-	2,182	1,851
Due from Other Funds	-	16,186	-	16,186	-
Prepaid Expense	7,755	-	-	7,755	7,337
TOTAL ASSETS	\$ 357,928	\$ 16,186	\$ 5,125	\$ 379,239	\$ 317,204
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 8,756	\$ 14,545	\$ -	\$ 23,301	\$ 8,930
Due to Other Funds	16,186	-	-	16,186	-
TOTAL LIABILITIES	24,942	14,545	-	39,487	8,930
FUND EQUITY					
Fund Balance					
Nonspendable	7,755	-	-	7,755	7,337
Restricted	18,100	1,641	5,125	24,866	43,070
Unassigned	307,131	-	-	307,131	257,867
TOTAL FUND EQUITY	332,986	1,641	5,125	339,752	308,274
TOTAL LIABILITIES & FUND EQUITY	\$ 357,928	\$ 16,186	\$ 5,125		

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 in the funds.	2,430,769	2,571,607
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include developer advances \$7,294,885, bonds of \$3,700,000, and accrued interest \$21,480.	(11,016,365)	(11,349,418)
Net position of governmental activities	<u>\$ (8,245,844)</u>	<u>\$ (8,469,537)</u>

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

VDW METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	2014 TOTAL
REVENUES					
Service Fees - District 2	\$ 160,616	\$ -	\$ 207,408	\$ 368,024	\$ 327,634
Service Fees - District 3	95,003	-	175,117	270,120	274,120
Other Governmental Revenues	-	217,392	-	217,392	-
Net Investment Income	763	-	2	765	30
TOTAL REVENUES	<u>256,382</u>	<u>217,392</u>	<u>382,527</u>	<u>856,301</u>	<u>601,784</u>
EXPENDITURES					
Current					
Accounting	31,297	-	-	31,297	25,162
Audit	5,350	-	-	5,350	4,850
Election Costs	-	-	-	-	888
Engineering	-	4,161	-	4,161	-
Insurance and Bonds	7,337	-	-	7,337	7,359
Landscape Maintenance	60,622	-	-	60,622	58,183
Legal	26,513	28,439	-	54,952	10,875
Management	32,167	5,562	-	37,729	32,377
Office Expense/Miscellaneous	1,939	-	-	1,939	1,624
Utilities	21,250	-	-	21,250	24,544
Debt Service					
Principal	-	217,392	115,000	332,392	105,000
Interest and Other Fiscal Charges	-	-	266,600	266,600	273,800
Capital Outlay	-	1,194	-	1,194	281,479
TOTAL EXPENDITURES	<u>186,475</u>	<u>256,748</u>	<u>381,600</u>	<u>824,823</u>	<u>826,141</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>69,907</u>	<u>(39,356)</u>	<u>927</u>	<u>31,478</u>	<u>(224,357)</u>
OTHER SOURCES (USES)					
Transfer Out	(20,225)	-	-	(20,225)	(12,672)
Transfer In		20,225	-	20,225	12,672
Proceeds from Capital Note	-	-	-	-	310,232
TOTAL OTHER SOURCES (USES)	<u>(20,225)</u>	<u>20,225</u>	<u>-</u>	<u>-</u>	<u>310,232</u>
NET CHANGE IN FUND BALANCES	49,682	(19,131)	927	31,478	85,875
FUND BALANCES, Beginning	<u>283,304</u>	<u>20,772</u>	<u>4,198</u>	<u>308,274</u>	<u>222,399</u>
FUND BALANCES, Ending	<u>\$ 332,986</u>	<u>\$ 1,641</u>	<u>\$ 5,125</u>	<u>\$ 339,752</u>	<u>\$ 308,274</u>

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

VDW METROPOLITAN DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 31,478
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(140,838)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is payment of bond principal (\$115,000), payment of capital note principal (\$217,392) and change in accrued interest of (\$661), for the year.	<u>333,053</u>
Change in Net Position of Governmental Activities	<u><u>\$ 223,693</u></u>

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

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

VDW Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by order and decree of the District Court for the City of Loveland on June 6, 2002, 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 in the City of Loveland (City), Larimer County, Colorado. The District was established to provide construction, installation, financing and operation of public improvements, including streets, traffic and safety controls, water, sanitation, storm drainage, transportation, television relay and translator, park and recreation facilities, and mosquito and pest control. The District's service plan was approved by the City. Pursuant to the consolidated service plan for VDW Metropolitan Districts No. 1-3, the District operates as the Service District related to VDW Metropolitan District No. 2 (Residential District) and VDW Metropolitan District No. 3 (Commercial District).

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments 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 the 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the acquisition and construction of capital assets.

The *Debt Service Fund* accounts for the payment of the District's bonds.

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 account. Cash in excess of the immediate operating requirement 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. Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Accounting Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities 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 and an estimated useful life in excess of one year. The District also capitalizes all infrastructure costs. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type in the Statement of Net Position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While City management may have categorized and segmented portion for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District has reported prepaid expenses as nonspendable as of December 31, 2015.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District has also classified the fund balances in the Debt Service and Capital Projects Funds as restricted.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2015.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: CASH AND INVESTMENTS

Cash and Investments at December 31, 2015 consisted of the following:

Deposits	\$ 150,522
Investments	<u>199,623</u>
Total	<u>\$ 350,145</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2015, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2015, the District had deposits with financial institutions with a carrying amount of \$150,522. The bank balances with the financial institutions were \$157,835. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3: CASH AND INVESTMENTS (continued)

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

During 2015, the District invested \$199,623 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value up to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+, both of which are rated AAA from Standard and Poor's. Both portfolios may invest in U.S. Treasury securities agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by the Trust.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2015, is summarized below:

	Balances <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/15</u>
Governmental Activities				
Capital Assets, depreciated Parks and Recreation	\$ 2,709,897	-	-	\$ 2,709,897
Less: Accumulated Depreciation Parks and Recreation	138,290	140,838	-	279,128
Capital Assets Depreciated, Net	2,571,607	140,838	-	2,430,769
Capital Assets, Net	<u>\$ 2,571,607</u>	<u>\$ 140,838</u>	<u>\$ -</u>	<u>\$ 2,430,769</u>

Depreciation expense was charged to general government program.

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2015:

	Balance <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/15</u>	Due In <u>One Year</u>
Series 2007					
Ltd. Prop Tax Bonds	\$ 2,640,000	\$ -	\$ 85,000	\$ 2,555,000	\$ 90,000
Series 2011					
Ltd. Prop Tax Bonds	1,175,000	-	30,000	1,145,000	30,000
Capital advances – Capital	<u>7,512,277</u>	<u>-</u>	<u>217,392</u>	<u>7,294,885</u>	<u>-</u>
Totals	<u>\$ 11,327,277</u>	<u>\$ -</u>	<u>\$ 332,392</u>	<u>\$ 10,994,885</u>	<u>\$ 120,000</u>

Limited Property Tax Supported Revenue Bonds

\$3,000,000 Limited Property Tax Supported Revenue Bonds, Series 2007, dated December 20, 2007, with interest of 6.50%, consisting of term bonds issued in the original amount of \$3,000,000 due December 1, 2032. All bonds maturing on or after December 1, 2017 are callable at the option of the District without premium.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: LONG-TERM DEBT(Continued)

\$1,200,000 Limited Property Tax Supported Revenue Bonds, Series 2011, dated August 30, 2011, with interest of 8.0%, consisting of term bonds issued in the original amount of \$1,200,000 due December 1, 2032. All bonds maturing on or after December 1, 2021 are callable at the option of the District without premium.

The bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) all amounts payable to the District under the Capital Pledge Agreement. Under the Capital Pledge Agreement, the two Financing Districts must remit all net property tax collections from the Required Mill Levy to the District. (2) Any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the Financing Districts, each year in an amount sufficient to pay the principal and interest on the bonds as the same become due and payable. Based on the 2014 principal and interest repayment, the mill levy certified for debt service by District No. 2 and District No. 3 was 22.076 mills. For collection year 2016, District No. 2 and District No. 3 levied 22.076 mills.

Future debt service requirements for the bonds are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 120,000	\$ 257,675	\$ 377,675
2017	130,000	249,425	379,425
2018	140,000	240,450	380,450
2019	150,000	230,750	380,750
2020	155,000	220,400	375,400
2021-2025	965,000	923,500	1,888,500
2026-2030	1,355,000	538,125	1,893,125
2031-2032	<u>685,000</u>	<u>73,105</u>	<u>758,105</u>
Total	<u>\$ 3,700,000</u>	<u>\$ 2,733,430</u>	<u>\$ 6,433,430</u>

Authorized Debt

On May 7, 2002, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$32,944,452 at an interest rate not to exceed 12% per annum. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$16,000,000.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 5: LONG-TERM DEBT(Continued)

Advances

The District had a long-term liability to VDW properties, LLC of \$7,294,885 as of December 31, 2015 as a result of the District agreeing to acquire from, or reimburse, VDW Properties, LLC for public improvements constructed by VDW Properties, LLC. The District has entered into the following funding arrangements with VDW Properties, LLC:

Improvements Acquisition Agreement

The District entered into that certain Improvements Acquisition Agreement with VDW Properties, LLC on December 1, 2005, which was replaced and superseded in its entirety by that certain Amended and Restated Improvements Acquisition and Reimbursement Agreement, entered into between the District and VDW Properties, LLC on May 20, 2010. Under the terms of this agreement, the District has agreed to acquire completed public improvements from VDW Properties, LLC. There were no public improvement acquisitions during 2015. Interest on these advances may only be repaid in the event the District generates sufficient cash flow to pay principal and related interest annually. As of December 31, 2015, outstanding advances under this agreement totaled \$4,878,198.

Advance and Reimbursement Agreement

The District entered into that certain Advance and Reimbursement agreement with VDW Properties, LLC, dated November 2, 2014. Pursuant to this agreement, VDW Properties, LLC agreed to loan to the District up to \$2,900,000 to fund capital improvements needed for Parcel D and H development. The funding obligation under this agreement expired on December 31, 2014. The District's obligation to repay funds advanced pursuant to this agreement is currently secured by a subordinate promissory note dated as of January 1, 2015, and issued in the amount of \$2,416,688. The note matures on December 31, 2015 and bears interest at a rate of two percent plus the Federal Reserve prime rate or six percent, whichever is greater. Interest may only be repaid in the year in which it accrues.

NOTE 6: RELATED PARTIES

The developers of the property which constitutes the District are VDW Properties, LLC, and VDW Retail, LLC. The members of the Board of Directors are employees, owners, or are otherwise associated with the developers and have disclosed any potential conflicts of interest in taking action on matters brought before the Board. The District owes VDW Properties, LLC \$7,294,885 as of December 31, 2015 for outstanding capital advances and public improvements acquired by the District.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 7: 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 natural disasters.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2015. 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 the past three years.

The District pays annual premiums to the Pool for liability, property, and public officials' 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 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 8: COMMITMENTS AND CONTINGENCIES

Tax Payer Bill of Rights (TABOR) Amendment

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2015, the emergency reserve of \$18,100 was recorded in the General Fund.

NOTE 9: DEFICIT NET POSITION

At December 31, 2015, the District reports a deficit net position in the amount of \$8,245,844. This deficit amount is the result of the District being responsible for the repayment of debt that was issued for public improvements which were later conveyed to other governmental entities. The District expects to reduce the deficit net position as the debt is being repaid.

VDW METROPOLITAN DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 10: SUBSEQUENT EVENTS

On March 24, 2016 the District issued Limited Tax General Obligation Refunding and Improvement Bonds Series 2016A in the amount of \$7,465,000 and Subordinate Limited Tax General Obligation Bonds Series 2016B in the amount of \$3,869,000. Proceeds were used to refund the 2007 Bonds, to repay the Developer for outstanding debt, and to fund remaining capital improvements.

REQUIRED SUPPLEMENTAL INFORMATION

VDW METROPOLITAN DISTRICT NO. 1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2015

	2015			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2014 ACTUAL
REVENUES				
Services Fees - District 2	\$ 155,937	\$ 160,616	\$ 4,679	\$ 140,518
Service Fees - District 3	91,716	95,003	3,287	94,104
Net Investment & Other Income	500	763	263	28
TOTAL REVENUES	248,153	256,382	8,229	234,650
EXPENDITURES				
Current				
General Government				
Accounting and Administration	27,500	31,297	(3,797)	25,162
Audit	4,850	5,350	(500)	4,850
Election Costs		-	-	888
Insurance and Bonds	7,719	7,337	382	7,359
Landscape Maintenance	71,900	60,622	11,278	58,183
Legal	12,000	26,513	(14,513)	10,875
Management	23,600	32,167	(8,567)	18,230
Office Expense	2,250	1,939	311	1,624
Utilities	25,000	21,250	3,750	24,544
Contingency	10,000	-	10,000	-
TOTAL EXPENDITURES	184,819	186,475	(1,656)	151,715
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	63,334	69,907	6,573	82,935
OTHER FINANCING SOURCES (USES)				
Transfer Out	(52,500)	(20,225)	32,275	(12,672)
NET CHANGE IN FUND BALANCE	10,834	49,682	38,848	70,263
FUND BALANCE, Beginning	268,071	283,304	15,233	213,041
FUND BALANCE, Ending	\$ 278,905	\$ 332,986	\$ 54,081	\$ 283,304

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

VDW METROPOLITAN DISTRICT NO. 1

CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2015

	2015			VARIANCE	2014
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Other Governmental Revenues	\$ -	\$ -	\$ 217,392	\$ 217,392	\$ -
EXPENDITURES					
Current					
General Government					
Engineering	-	-	4,161	(4,161)	-
Management	2,500	2,500	5,562	(3,062)	14,147
Legal	-	-	28,439	(28,439)	-
Capital Advance Repayment	-	-	217,392	(217,392)	-
Capital Outlay	50,000	259,858	1,194	258,664	281,479
TOTAL EXPENDITURES	52,500	262,358	256,748	5,610	295,626
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,500)	(262,358)	(39,356)	223,002	(295,626)
OTHER FINANCING SOURCES (USES)					
Transfer In	52,500	262,358	20,225	(242,133)	-
Proceeds from Capital Note	-	-	-	-	310,232
TOTAL OTHER FINANCING SOURCES (USES)	52,500	262,358	20,225	(242,133)	310,232
NET CHANGE IN FUND BALANCE	-	-	(19,131)	(19,131)	14,606
FUND BALANCE, Beginning	-	-	20,772	20,772	6,166
FUND BALANCE, Ending	\$ -	\$ -	\$ 1,641	\$ 1,641	\$ 20,772

See the accompanying independent auditors' report.

VDW METROPOLITAN DISTRICT NO. 1

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2015

	2015			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2014 ACTUAL
REVENUES				
Service Fees- District 2	\$ 207,490	\$ 207,408	\$ (82)	\$ 187,116
Service Fees - District 3	175,117	175,117	-	180,016
Net Investment Income	20	2	(18)	2
TOTAL REVENUES	382,627	382,527	(100)	367,134
EXPENDITURES				
Current				
General Government				
Trustee/Agent Fees	1,000	1,000	-	1,000
Contingency	1,000	-	1,000	-
Debt Service				
Principal	115,000	115,000	-	105,000
Interest and Other Fiscal Charges	265,600	265,600	-	272,800
TOTAL EXPENDITURES	382,600	381,600	1,000	378,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27	927	900	(11,666)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	12,672
NET CHANGE IN FUND BALANCE	27	927	900	1,006
FUND BALANCE, Beginning	4,202	4,198	(4)	3,192
FUND BALANCE, Ending	\$ 4,229	\$ 5,125	\$ 896	\$ 4,198

See the accompanying independent auditors' report.

SUPPLEMENTAL INFORMATION

VDW METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2015

\$3,000,000			
Limited Property Tax Supported Revenue Bonds			
Series 2007, Dated December 20, 2007			
Principal Due December 1			
Interest Rate 6.50%			
Interest Payable June 1 and December 1			
<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt</u> <u>Service</u>
2016	90,000	166,075	256,075
2017	95,000	160,225	255,225
2018	100,000	154,050	254,050
2019	110,000	147,550	257,550
2020	115,000	140,400	255,400
2021	120,000	132,925	252,925
2022	130,000	125,125	255,125
2023	135,000	116,675	251,675
2024	145,000	107,900	252,900
2025	155,000	98,475	253,475
2026	160,000	88,400	248,400
2027	170,000	78,000	248,000
2028	185,000	66,950	251,950
2029	195,000	54,925	249,925
2030	205,000	42,250	247,250
2031	215,000	28,925	243,925
2032	230,000	14,950	244,950
	<u>\$ 2,640,000</u>	<u>\$ 1,895,400</u>	<u>\$ 4,535,400</u>

See the accompanying independent auditors' report.

VDW METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2015

\$1,200,000			
Limited Property Tax Supported Revenue Bonds			
Series 2011, Dated August 30, 2011			
Principal Due December 1			
Interest Rate 8.0%			
Interest Payable June 1 and December 1			
Year Ended December 31,	Principal	Interest	Annual Debt Service
2016	30,000	91,600	121,600
2017	35,000	89,200	124,200
2018	40,000	86,400	126,400
2019	40,000	83,200	123,200
2020	40,000	80,000	120,000
2021	50,000	76,800	126,800
2022	50,000	72,800	122,800
2023	55,000	68,800	123,800
2024	60,000	64,400	124,400
2025	65,000	59,600	124,600
2026	75,000	54,400	129,400
2027	80,000	48,400	128,400
2028	85,000	42,000	127,000
2029	95,000	35,200	130,200
2030	105,000	27,600	132,600
2031	115,000	19,200	134,200
2032	125,000	10,000	135,000
	<u>\$ 1,175,000</u>	<u>\$ 1,103,600</u>	<u>\$ 2,278,600</u>

See the accompanying independent auditors' report.

VDW METROPOLITAN DISTRICT NO. 1
FIVE YEAR SUMMARY OF VDW METROPOLITAN DISTRICT NO. 2
ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2015

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for General Obligation Bonds	Mills Levied for Contractual Obligation	Total Mills Levied	Total Property Taxes		Percent Collected to Levied
					Levied	Collected ⁽¹⁾	
2010	\$ 4,084,550	21.300	24.680	45.980	\$ 187,808	\$ 181,602	96.7%
2011	\$ 3,453,490	25.941	20.039	45.980	\$ 158,791	\$ 158,816	100.0%
2012	\$ 3,438,650	38.602	7.378	45.980	\$ 158,109	\$ 165,950	105.0%
2013	\$ 6,334,510	27.900	18.080	45.980	\$ 291,261	\$ 307,074	105.4%
2014	\$ 6,706,710	28.863	17.117	45.980	\$ 308,375	\$ 327,634	106.2%
2015	\$ 7,491,960	27.695	18.285	45.980	\$ 344,480	\$ 368,024	106.8%
Estimated for calendar year ending December 31, 2016	\$ 10,917,562	22.076	23.904	45.980	\$ 501,990		

Notes:

(1) Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.

See the accompanying independent auditors' report.

VDW METROPOLITAN DISTRICT NO. 1
FIVE YEAR SUMMARY OF VDW METROPOLITAN DISTRICT NO. 3
ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2015

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for General Obligation Bonds	Mills Levied for Contractual Obligation	Total Mills Levied	Total Property Taxes		Percent Collected to Levied
					Levied	Collected ⁽¹⁾	
2010	\$ 7,911,250	21.300	18.700	40.000	\$ 316,450	\$ 316,450	100.0%
2011	\$ 7,016,470	25.941	14.059	40.000	\$ 280,659	\$ 280,659	100.0%
2012	\$ 5,750,750	38.602	1.398	40.000	\$ 230,030	\$ 241,612	105.0%
2013	\$ 6,377,750	27.901	12.099	40.000	\$ 255,110	\$ 268,997	105.4%
2014	\$ 6,452,180	28.863	11.137	40.000	\$ 258,087	\$ 274,120	106.2%
2015	\$ 6,323,040	27.695	12.305	40.000	\$ 252,922	\$ 270,120	106.8%
Estimated for calendar year ending December 31, 2016	\$ 6,281,038	22.076	17.924	40.000	\$ 251,242		

Notes:

(1) Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.

See the accompanying independent auditors' report.