

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT
Grand County, Colorado
—
FINANCIAL STATEMENTS
December 31, 2016

L. PAUL GOECKE P.C.

CERTIFIED PUBLIC ACCOUNTANTS



RECEIVED

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Independent Auditor's Report

Board of Directors

Rendezvous Residential Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Rendezvous Residential Metropolitan District as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 Rendezvous Residential Metropolitan District as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

L. Paul Goedecke, P.C.
July 19, 2017

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

**BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS**

December 31, 2016

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	\$127,962	\$ -	\$ 126,962	\$ -	\$ 126,962
Cash and investments - restricted	650	248,987	249,637	-	249,637
Property taxes receivable - current	3,110	-	3,110	-	3,110
Property taxes receivable - 2016	-	697,162	697,162	-	697,162
Due from developer	6,900	-	6,900	-	6,900
Due from other funds	(63,239)	63,239	-	-	-
Total Assets	75,383	1,009,388	1,083,771	-	1,083,771
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	451,652	451,652
Total Deferred Outflows of Resources	-	-	-	451,652	451,652
Total Assets and Deferred Outflows of Resources	74,383	1,009,388	1,083,771		
LIABILITIES					
Accounts payable	204	-	204	-	204
Accrued expense Rendezvous Colorado LLC	16,727	-	16,727	-	16,727
Due to developer	-	-	-	547,100	547,100
Long-term liabilities:					
Due within one year	-	-	-	80,000	80,000
Due in more than one year	-	-	-	18,688,596	18,688,596
Total liabilities	16,931	-	16,931	19,315,696	19,332,627
DEFERRED INFLOW OF RESOURCES					
Property tax revenue	-	697,162	697,162	-	697,162
Total deferred inflow of resources	-	697,162	697,162	-	697,162
FUND BALANCE					
Restricted:					
Emergencies	650	-	650	(650)	-
Debt service	-	312,226	312,226	(312,226)	-
Unassigned	56,802	-	56,802	(56,802)	-
Total Fund Balances	57,452	312,226	369,678	(369,678)	-
Total Liabilities and Fund Balances	\$ 74,383	\$1,009,388	\$1,083,771		
NET POSITION					
Restricted for:					
Emergencies				650	650
Debt service				312,226	312,226
Unrestricted				(18,807,242)	(18,807,242)
Total Net Position				\$ (18,494,366)	\$ (18,494,366)

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016**

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Accounting and audit	\$ 5,275	\$ -	\$ 5,275	\$ -	\$ 5,275
Directors fees	500	-	500	-	500
Insurance	255	-	255	-	255
Legal	2,587	-	2,587	-	2,587
Management fees	2,500	-	2,500	-	2,500
Treasurer's fees	-	32,695	32,695	-	32,695
Debt service:					
Amortization of deferred loss and discount	-	-	-	611,951	611,951
Bond interest	-	241,358	241,358	-	241,358
Paying agent fees	-	100	100	-	100
Administrative fees	-	859	859	-	859
Total Expenditures	<u>11,117</u>	<u>275,012</u>	<u>286,129</u>	<u>611,951</u>	<u>898,080</u>
GENERAL REVENUES					
Property taxes	-	653,515	653,515	-	653,515
Specific ownership taxes	39,746	-	39,746	-	39,746
Interest income	1,598	412	2,010	-	2,010
Tap fee reimbursement	-	184,800	184,800	-	184,800
Total General Revenues	<u>41,344</u>	<u>838,727</u>	<u>880,071</u>	<u>-</u>	<u>880,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	30,227	563,715	593,942	(611,951)	(18,009)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	7,945,000	7,945,000	(7,945,000)	-
Bond issuance costs	-	(147,345)	(147,345)	-	(147,345)
Payment to refunding agent	-	(8,061,651)	(8,061,651)	8,061,651	-
Total other Financing Sources (Uses)	<u>-</u>	<u>(263,996)</u>	<u>(263,996)</u>	<u>116,651</u>	<u>(147,345)</u>
NET CHANGES IN FUND BALANCES	30,227	299,719	329,946	(329,946)	
CHANGE IN NET POSITION				(165,354)	165,354
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	27,225	12,507	39,732	(18,368,744)	(18,329,012)
END OF YEAR	<u>\$ 57,452</u>	<u>\$ 312,226</u>	<u>\$ 369,678</u>	<u>\$ (18,864,044)</u>	<u>\$ 18,494,366</u>

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2016**

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Specific ownership taxes	\$ 34,490	\$ 39,746	\$ 5,256
Interest income	2	1,598	1,596
Total Revenues	<u>34,492</u>	<u>41,344</u>	<u>6,852</u>
EXPENDITURES			
Accounting and audit	5,200	5,275	(75)
Directors fees	500	500	-
Insurance	-	255	(255)
Legal	4,903	2,587	2,316
Management fees	2,500	2,500	-
Total Expenditures	<u>13,103</u>	<u>11,117</u>	<u>1,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>21,389</u>	<u>30,227</u>	<u>8,838</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(21,389)	-	21,389
Total Other Financing Sources (Uses)	<u>(21,389)</u>	<u>-</u>	<u>21,389</u>
NET CHANGE IN FUND BALANCE	-	30,227	30,227
FUND BALANCE:			
BEGINNING OF YEAR	-	27,225	27,225
END OF YEAR	<u>\$ -</u>	<u>\$ 57,452</u>	<u>\$ 57,452</u>

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 – DEFINITION OF REPORTING ENTITY

Definition of Reporting Entity

Rendezvous Residential Metropolitan District (The District), a quasi-municipal corporation, was organized on April 23, 1998 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Grand County, Colorado. The District was established to provide for the acquisition, construction, relocation, installation and completion and/or operation and maintenance of streets, drainage facilities, landscaping, lighting, traffic and safety controls.

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.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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.

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.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned fund balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

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

The District amended its Debt Service Fund budget from \$ 857,728 to \$ 8,484,009.

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.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. streets, water system, sewer system and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such 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 the life of the asset are not capitalized.

No depreciation is being computed on the District's capital assets as the capital assets will be transferred to other governmental entities. Once transferred, the District will no longer be responsible for the maintenance or repair of the capital assets.

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.

System Development and Water Tap Fees

System development and water tap fees are recorded as operating revenue when received.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$ 650 of the General Fund balance has been restricted in compliance with this requirement.

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments – unrestricted	\$ 127,612
– restricted	248,954
	<u>\$ 376,566</u>

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

Deposits with financial institutions	\$ 143,066
Amount held in trust	233,500
	<u>\$ 376,566</u>

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, 2016, the District’s cash deposits had a bank balance of \$ 143,066 and a carrying balance of \$ 143,066.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

Credit Risk

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

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

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

The District has invested in COLOTRUST, an external investment pool that records its investments at fair value and is categorized as a level 2 investment.

- * 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.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2016:

	Balance			Balance	Current
	01/01/2016	Additions	Deletions	12/31/2016	Portion
G.O. Ltd Tax Bonds series 2003	\$ 8,070,000	-	-	\$ 8,070,000	\$ -
Developer advances	2,753,596	-	-	2,753,596	-
G.O. Ltd Tax Bonds series 2007	7,610,000	-	7,610,000	-	-
Discount on 2007 Bonds	(21,334)	-	(21,334)	-	-
2016 Refunding Bonds	-	7,945,000	-	7,945,000	80,000
Deferred loss on Bonds series 2007	(590,617)	-	(590,617)	-	-
Deferred loss on Bonds series 2016	-	(451,652)	-	(451,652)	-
Total	\$ 17,821,645	\$ 7,493,348	\$ 6,998,049	\$ 18,316,944	\$ 80,000

Add back deferred loss

\$ 451,652

Net Long term obligations

\$ 18,768,596

The details of the Districts long-term obligation are as follows:

\$8,070,000 Subordinate General Obligation Limited Tax Bonds, Series 2003, dated June 6, 2003, with variable interest of .01% to 8% depending upon the December 15 assessed valuation of the District of the calendar year in which the District levies a limited mill levy, currently at 50 mills. The term bonds are issued in the minimum denomination of \$500,000 and any integral multiple of \$5,000 in excess thereof and mature on December 1, 2032. The bonds are subject to annual mandatory sinking fund redemption commencing December 1, 2022 and continuing through December 1, 2031. Subject to the limitation of subordination, the bonds are subject to redemption prior to maturity on any date at the option of the District, upon payment, at par plus accrued interest and a 3% redemption premium. The bonds are payable from a limited debt service mill levy not in excess of 50 mills.

\$8,075,000 General Obligation Limited Refunding Tax Bonds, Series 2007, dated May 30, 2007, consisting of \$3,625,000, 5.2% term bonds due December 1, 2017 and \$4,450,000, 5.375% term bonds due December 1, 2021. The Bonds are limited tax general obligations of the District secured by and payable from pledged revenue consisting of the limited tax mill levy not to exceed 50 mills (subject to adjustment related to future changes in the method of calculating the District's assessed valuation), system development fees in the amount of \$2,500 and any other legally available funds.

The proceeds from the sale of the Bonds were used to refund the District's outstanding Series 2002 General Obligation Bonds and pay other associated costs of the issue. The Bonds maturing on December 1, 2018 are subject to optional and mandatory sinking fund requirements prior to maturity on December 1, 2017 without any redemption premium.

The 2007 Bonds were paid off in their entirety with the proceeds of the 2016 refunding Bonds.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

\$7,945,000 General Obligation Limited Refunding Tax Bonds, Series 2016, dated October 25, 2016, consisting of 3% term bonds with a final maturity date of December 1, 2041. The Bonds are limited tax general obligations of the District secure by and payable from pledged revenues consisting of the limited tax mill levy not to exceed 50 mills (subject to adjustment related to future changes in the method of calculating the Districts assessed valuation) system development fees in the amount of \$2,500 and any other legally available funds.

The proceeds from the sale of the Bonds were used to refund the Districts Outstanding Series 2007 General Obligation refunding Bonds. The Bonds are subject to optional call prior to maturity beginning December 1, 2021 without any redemption premium.

The District's long-term bond obligations (excluding developer advances) mature as follows:

Year	Principal	Interest	Total
2017	\$ 80,000	\$ 394,719	\$ 474,719
2018	230,000	243,262	473,262
2019	235,000	236,267	471,267
2020	240,000	229,735	469,735
2021	250,000	221,818	471,818
2022-2026	4,420,000	988,334	5,408,334
2027-2031	6,065,000	758,758	6,823,758
2032-2036	2,365,000	495,683	2,860,683
2037-2041	2,130,000	198,239	2,328,239
	<u>\$ 16,015,000</u>	<u>\$ 3,766,815</u>	<u>\$ 19,781,815</u>

At December 31, 2016 the District has authorized but unissued indebtedness as limited by the service plan of \$595,000.

*Represents unpaid principal and interest.

NOTE 5 – RELATED PARTY INFORMATION

Members of the Board of Directors are associated with the Rendezvous Colorado LLC (Developer) which is the developer of the land within the District (see Notes 5 & 9).

NOTE 6 – 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, 2016.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 6 – RISK MANAGEMENT (CONTINUED)

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 7 – AGREEMENTS WITH OTHER GOVERNMENTS

Service Plan

To implement the Service Plan, the District has signed an intergovernmental agreement with the Town of Fraser (Town) and Rendezvous Commercial Metropolitan District. The agreement is in full force and effect until such time as the Districts file a petition in District Court for dissolution after completion of all required statutory and election procedures.

The District is to own, operate, maintain and construct the facilities benefiting the District. The District will pay the total capital costs not to exceed voter authorization of \$16,740,000. Once completed, the facilities will be turned over to the Fraser Sanitation District (“Sanitation”) and Town of Fraser for ownership and maintenance.

Pre-Inclusion Agreement

On May 9, 2002, the District entered into a Pre-Inclusion Agreement with Sanitation, the Developer and Rendezvous Commercial Metropolitan District. This agreement has been amended three times with the most recent amendment occurring February 19, 2002. In accordance with the amended agreement, the District has agreed to pay Sanitation \$500 as an inclusion fee plus \$800 per acre. The agreement includes all acreage of the District, specifically the 600 acres for a total fee of approximately \$480,000 for inclusion into Sanitation. The Developer has agreed to pre-purchase tap fees at \$4,000 each from Sanitation in the total amount necessary to fund any shortfall in Sanitation’s annual debt service payment related to debt incurred to increase Sanitation’s plant capacity due to the development within the District.

Additionally the District agreed to and deposited \$160,000 into an escrow account during 2002, for which the purpose is to guarantee adequate funds to pay at least one year’s debt service of certain Sanitation’s debt obligations. The Developer is to bear the expense of maintaining the escrow account and is to receive all interest accruing on the funds held in the escrow account. Upon termination of the escrow account, the Developer is to receive any balance remaining in the account.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 7 – AGREEMENTS WITH OTHER GOVERNMENTS (CONTINUED)

Supplemental Agreement

On September 20, 2000 the District entered into a Supplemental Agreement with the Town of Fraser (“Town”), the Developer and Rendezvous Commercial Metropolitan District. The Developer/District agreed to pre-pay the Town the estimated engineering design and construction cost in the amount of \$1,600,800 for the wholesale water distribution system throughout the

District and will receive full credit for a corresponding number of plant investment fees at the rate in effect at the time the payment is made. During 2003 and 2002, an additional \$281,455 and \$1,116,907 respectively, was pre-paid for full credit in the corresponding number of tap fees. The total funding of \$2,999,126 generated over 1,200 taps. This number of taps exceeds the projected number of possible taps based on the project density approved by the Town. Currently, the District receives \$6,000 as a water investment fee for each tap from the Town. This amount is paid on a quarterly basis after a builder pays the Town for a building permit. The original cost was an estimate and the District is required to pay whatever the Town incurs. A plant investment fee shall be equivalent to one single-family equivalent tap.

Advance and Reimbursement/Facilities Acquisition Agreement

On December 10, 2004 the District finalized an agreement with the Developer to establish the terms and conditions for reimbursement of advances for capital construction and operating costs advanced to the District by the Developer through December 31, 2003. According to the agreement the District will make reimbursements to the Developer of actual costs, as certified by the District. No interest will accrue on the capital construction and operating cost advances made. The final certification by the District of the costs incurred by the Developer has been completed and the amount of capital construction and operating cost advances provided by the Developer have been determined to be \$19,305,340 and \$6,926 respectively. The District and the Developer have agreed that \$2,699,835 of capital construction advances will not be reimbursed to the Developer.

During 2003, the District utilized \$180,000 of water tap fees and the issuance of \$8,070,000 of Subordinated Limited Tax Bonds (see Note 5) to the Developer to further reimburse capital construction advances. At December 31, 2016, the amount owed to the Developer by the District was \$ 2,753,596.

NOTE 8 – NET POSITION

The District has net position consisting of two components – restricted and unrestricted 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.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 – 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. 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.

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. Any operating expense shortfall is funded by the Developer and therefore no 3% emergency reserve is provided.

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.

At an election on November 6, 2001, the voters of the District authorized the following general obligations or other obligations, at a net effective interest rate not to exceed 14% for the following detailed purposes:

Streets	\$ 7,015,000
Sewer and storm drainage	4,065,000
Water	5,660,000
	<u>\$ 16,740,000</u>

On November 6, 2001, a majority of the District’s electors authorized the District to increase taxes \$500,000 annually to pay the District’s operations, maintenance and other expenses. The taxes would consist of ad valorem mill levy imposed without limitations as may be determined by the Board and in amount sufficient to produce the annual increase of \$500,000.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 9 – TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 6, 2001, a majority of the District’s electors authorized the District to collect, retain and spend any and all amounts received by the District annually from any revenue sources other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, income or charge imposed, collected or authorized by law. Such revenues may be collected and spent by the District without regard to any spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado constitution and without limiting in any year the amount of other revenues that may be collected and spend by the District.

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.

NOTE 10 – 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:

Deferred loss on refunding	\$	451,652
Due to developer	\$	547,100
Bonds payable	\$	18,768,596

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Deferred loss on refunding is amortized over the life of the bond issue.

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:

Amortization differed loss and Bond discount	\$	611,951
Bond proceeds	\$	(7,945,000)
Payment to refunding agent	\$	8,061,652

Governmental funds report interest and principal paid as expenditures and Bond proceeds as revenue. However, in the Statement of Activities, interest and principal are reflected on the accrual basis and Bond proceeds are reflected as a liability.

SUPPLEMENTAL INFORMATION

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
DEBT SERVICE FUND**

Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
System development fees	\$ 45,000	\$ -	\$ -	\$ -
Property taxes	653,516	653,515	653,515	-
Interest income	4	412	412	-
Tap Fee reimbursement	138,600	184,800	184,800	-
Total Revenues	<u>837,120</u>	<u>838,727</u>	<u>838,727</u>	<u>-</u>
EXPENDITURES				
Bond interest paid	338,248	241,358	241,358	-
Bond Principal	485,000	-	-	-
Administrative fees	1,000	959	959	-
Miscellaneous expenses	750	-	-	-
Treasurer's fees	32,730	32,695	32,695	-
Total Expenditures	<u>857,728</u>	<u>275,012</u>	<u>275,012</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,608)</u>	<u>563,715</u>	<u>563,715</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	7,945,000	7,945,000	-
Bond issuance costs	-	(147,345)	(147,345)	-
Payment to refunding agent	-	(8,061,651)	(8,061,651)	-
Transfers in	21,389	-	-	-
Total Other Financing Sources (Uses)	<u>21,389</u>	<u>(263,996)</u>	<u>(263,996)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	781	299,719	299,719	-
FUND BALANCE:				
BEGINNING OF YEAR	99	12,507	12,507	-
END OF YEAR	<u>\$ 880</u>	<u>\$ 312,226</u>	<u>\$ 312,226</u>	<u>\$ -</u>

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

**RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016**

—

**\$7,945,000
General Obligation Limited Tax Bonds,
Dated October 25, 2016
Interest Rate 3%
Payable June 1 and December 1
Principal Due December 1**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 80,000	\$ 390,684	\$ 470,684
2018	230,000	239,227	469,227
2019	235,000	232,232	467,232
2020	240,000	225,700	465,700
2021	250,000	217,783	467,783
2022	255,000	210,180	465,180
2023	265,000	202,423	467,423
2024	275,000	194,895	469,895
2025	280,000	185,998	465,998
2026	290,000	177,482	467,482
2027	300,000	168,660	468,660
2028	305,000	159,972	464,972
2029	315,000	150,258	465,258
2030	325,000	140,677	465,677
2031	335,000	130,792	465,792
2032	345,000	120,932	465,932
2033	355,000	110,108	465,108
2034	365,000	99,310	464,310
2035	380,000	88,208	468,208
2036	390,000	76,860	466,860
2037	400,000	64,788	464,788
2038	415,000	52,621	467,621
2039	425,000	39,998	464,998
2040	440,000	27,145	467,145
2041	450,000	13,687	463,687
	<u>\$ 7,945,000</u>	<u>\$ 3,720,620</u>	<u>\$ 11,665,620</u>

**RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016**

**\$8,070,000
Subordinate General Obligation Limited Tax Bonds,
Dated June 6, 2003
Interest Rate .01% to 8% (Currently at .05%)
Payable June 1 and December 1
Principal Due December 1**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
*2013	\$ —	\$ 4,035	\$ 4,035
*2014	—	4,035	4,035
*2015	—	4,035	4,035
*2016	—	4,035	4,035
2017	—	4,035	4,035
2018	—	4,035	4,035
2019	—	4,035	4,035
2020	—	4,035	4,035
2021	—	4,035	4,035
2022	520,000	4,035	524,035
2023	565,000	3,775	568,775
2024	605,000	3,493	608,493
2025	655,000	3,190	658,190
2026	710,000	2,863	712,863
2027	765,000	2,508	767,508
2028	825,000	2,125	827,125
2029	890,000	1,713	891,713
2030	965,000	1,268	966,268
2031	1,040,000	785	1,040,785
2032	530,000	265	530,265
	<u>\$ 8,070,000</u>	<u>\$ 62,335</u>	<u>\$ 8,132,335</u>

*Unpaid in 2013, 2014, 2015 and 2016

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2016**

Year Ended December 31,	Prior year Assessed valuation for Current Year Property Tax Levy	Mills Levied for General Fund	Mills Levied for Debt Service Fund	Total Property Taxes		Percent collected to Levied
				Levied	Collected	
2001	\$ 664,290	5.00	-	\$ 3,321	\$ 3,322	100.00%
2002	46,020	30.00	-	1,381	1,075	78.00%
2003	8,010	-	30.00	240	241	100.00%
2004	1,909,570	-	30.00	57,287	55,474	97.00%
2005	3,197,500	-	40.00	127,900	127,899	100.00%
2006	4,978,100	-	40.00	199,124	199,786	100.30%
2007	7,139,050	-	40.00	285,562	285,561	100.00%
2008	11,936,960	-	40.00	477,478	476,905	99.80%
2009	14,184,530	-	40.00	587,802	563,402	95.85%
2010	16,065,240	-	40.00	642,610	640,640	99.69%
2011	17,438,560	-	40.00	697,542	699,056	100.22%
2012	*13,412,360	-	40.00	536,494	536,494	100.00%
2013	13,498,560	-	50.00	674,928	686,046	101.65%
2014	12,042,030	-	50.00	602,102	590,426	98.06%
2015	12,107,000	-	50.00	605,355	605,355	100.00%
2016	13,070,320	-	50.00	653,516	653,515	100.00%

Estimated for calendar year ending December 31, 2017:

13,943,230	-	50.00	697,162
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Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

*The decrease in assessed valuation was the result of property within the District redesignated as forest/agricultural property.