

Tablerock Metropolitan District
Financial Statements
Year Ended December 31, 2016
with
Independent Auditor's Report



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C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	17
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	18



Hiratsuka & Associates, L.L.P.
Certified Public Accountants & Business Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tablerock Metropolitan District
Jefferson County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tablerock Metropolitan District (the District), Jefferson County, Colorado, 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 (U.S. GAAP); 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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Tablerock Metropolitan District, Jefferson County, Colorado, as of December 31, 2016, and the respective changes in financial position for the year then ended in conformity with U.S. GAAP.

Other Matters

Other Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

U.S. GAAP requires that the budgetary comparison information on page 3 be presented. Such information is required by GASB, 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund and Summary of Assessed Valuation, Mill Levy and Property Taxes Collected was presented for the purpose of additional analysis and was not a required part of the financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund and Summary of Assessed Valuation, Mill Levy and Property Taxes Collected was the responsibility of management and was derived from and relate 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 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.

Hiratsuka & Associates, LLP

July 1, 2017
Wheat Ridge, Colorado

Tablerock Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 79,530	\$ -	\$ 79,530	\$ -	\$ 79,530
Cash and investments - restricted	4,334	1,360,521	1,364,855	-	1,364,855
Receivable county treasurer	430	3,486	3,916	-	3,916
Property taxes receivable	65,267	528,662	593,929	-	593,929
Interest receivable	-	4,410	4,410	-	4,410
Prepaid insurance	2,815	-	2,815	-	2,815
Capital assets	-	-	-	679,798	679,798
Prepaid bond insurance - net	-	-	-	169,557	169,557
Total Assets	<u>152,376</u>	<u>1,897,079</u>	<u>2,049,455</u>	<u>849,355</u>	<u>2,898,810</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	334,298	334,298
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,298</u>	<u>334,298</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 152,376</u>	<u>\$ 1,897,079</u>	<u>\$ 2,049,455</u>		
LIABILITIES					
Accounts payable	\$ 2,934	\$ -	\$ 2,934	-	2,934
Accrued interest on bonds	-	-	-	32,268	32,268
Long-term liabilities					
Due within one year	-	-	-	185,000	185,000
Due in more than one year	-	-	-	8,360,031	8,360,031
Total Liabilities	<u>2,934</u>	<u>-</u>	<u>2,934</u>	<u>8,577,299</u>	<u>8,580,233</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	65,267	528,662	593,929	-	593,929
Total Deferred Inflows of Resources	<u>65,267</u>	<u>528,662</u>	<u>593,929</u>	<u>-</u>	<u>593,929</u>
FUND BALANCE					
Nonspendable:					
Prepays	2,815	-	2,815	(2,815)	-
Restricted:					
Emergencies	4,334	-	4,334	(4,334)	-
Debt service	-	1,368,417	1,368,417	(1,368,417)	-
Unassigned	77,026	-	77,026	(77,026)	-
Total Fund Balances	<u>84,175</u>	<u>1,368,417</u>	<u>1,452,592</u>	<u>(1,452,592)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 152,376</u>	<u>\$ 1,897,079</u>	<u>\$ 2,049,455</u>		
NET POSITION					
Restricted for:					
Emergencies				4,334	4,334
Debt service				1,336,149	1,336,149
Unrestricted:				<u>(7,281,537)</u>	<u>(7,281,537)</u>
Total Net Position (Deficit)				<u>\$ (5,941,054)</u>	<u>\$ (5,941,054)</u>

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

Tablerock Metropolitan District

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

For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Accounting and audit	\$ 10,848	\$ -	\$ 10,848	\$ -	\$ 10,848
Insurance	3,079	-	3,079	-	3,079
Legal	33,198	-	33,198	-	33,198
Miscellaneous expenses	212	-	212	-	212
Treasurer's fees	980	7,937	8,917	-	8,917
Landscape repairs	19,805	-	19,805	-	19,805
Bond principal	-	175,000	175,000	(175,000)	-
Bond interest expense	-	394,394	394,394	16,532	410,926
Paying agent fees	-	2,050	2,050	-	2,050
Amortize prepaid bond insurance	-	-	-	8,106	8,106
Total Expenditures	<u>68,122</u>	<u>579,381</u>	<u>647,503</u>	<u>(150,362)</u>	<u>497,141</u>
 GENERAL REVENUES					
Property taxes	65,286	528,820	594,106	-	594,106
Specific ownership taxes	5,236	42,416	47,652	-	47,652
Interest income	41	7,760	7,801	-	7,801
Total General Revenues	<u>70,563</u>	<u>578,996</u>	<u>649,559</u>	<u>-</u>	<u>649,559</u>
 CHANGE IN FUND BALANCE	 2,441	 (385)	 2,056	 (2,056)	
 CHANGE IN NET POSITION				 152,418	 152,418
 FUND BALANCE/NET POSITION					
BEGINNING OF YEAR	<u>81,734</u>	<u>1,368,802</u>	<u>1,450,536</u>	<u>(7,544,008)</u>	<u>(6,093,472)</u>
END OF YEAR	<u>\$ 84,175</u>	<u>\$ 1,368,417</u>	<u>\$ 1,452,592</u>	<u>\$ (7,393,646)</u>	<u>\$ (5,941,054)</u>

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

Tablerock Metropolitan District

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

For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 65,286	\$ 65,286	\$ -
Specific ownership taxes	4,570	5,236	666
Interest income	<u>-</u>	<u>41</u>	<u>41</u>
 Total Revenues	 <u>69,856</u>	 <u>70,563</u>	 <u>707</u>
 EXPENDITURES			
Accounting and audit	10,000	10,848	(848)
Insurance	3,500	3,079	421
Legal	15,000	33,198	(18,198)
Miscellaneous expenses	20,000	212	19,788
Treasurer's fees	979	980	(1)
Landscape repairs	-	19,805	(19,805)
Contingency	114,983	-	114,983
Emergency reserve	<u>1,484</u>	<u>-</u>	<u>1,484</u>
 Total Expenditures	 <u>165,946</u>	 <u>68,122</u>	 <u>97,824</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (96,090)	 2,441	 98,531
 FUND BALANCE - BEGINNING OF YEAR	 <u>96,090</u>	 <u>81,734</u>	 <u>(14,356)</u>
 FUND BALANCE - END OF YEAR	 <u>\$ -</u>	 <u>\$ 84,175</u>	 <u>\$ 84,175</u>

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

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized in 2002, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

The District is not financially accountable for any other organization.

The District has no component units as defined by the GASB.

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

Basis of Presentation

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

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

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

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

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

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Prepaid Bond Insurance, Original Issue Premium and Deferred Loss on Refunding

Bond insurance costs, Original Issue Premium and Deferred Loss on Refunding from the Series 2007 Bonds are being amortized over the term of the bonds using the straight-line method. Accumulated amortization of bond insurance costs, original issue premium and deferred loss on refunding amounted to \$80,385, \$26,091 and \$195,964, respectively at December 31, 2016.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2016.

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Property Taxes

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

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

Fund Equity

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$2,815 represents prepaid insurance.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$4,334 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,368,417 is restricted for the payment of the debt service costs associated with the Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds, Series 2007 (see Note 4).

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. At December 31, 2016, the District did not have any amount to report in this category.

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

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

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

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 79,530
Cash and investments – Restricted	<u>1,364,855</u>
Total	<u>\$1,444,385</u>

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

Deposits with financial institutions	\$ 771,781
Investments - COLOTRUST	333,347
Investments - CSAFE	<u>339,257</u>
	<u>\$ 1,444,385</u>

Deposits

Custodial Credit Risk

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

The District follows state statutes for deposits.

Investments

Investment Valuation

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); 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.

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

The District has the following recurring fair value measurements as of December 31, 2016:

An external investment pool that records its investments at fair value. The investment in COLOTRUST is categorized as a Level 2 Investment.

Credit Risk

The District has not adopted a formal investment policy; however the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

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

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days, a Level 2 investment under the fair value hierarchy. COLOTRUST is an investment trust/joint ventures 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 trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2016, the District had \$333,347 invested in COLOTRUST PRIME.

The local government investment pool Colorado Surplus Asset Fund Trust (“CSAFE”), is rated AAAM by Standard and Poor’s with a weighted average maturity of under 60 days. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to custodian agreements. The custodian acts as the safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians’ internal records identify the investments owned by CSAFE. At December 31, 2016, the District had \$339,257 invested in CSAFE.

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Restricted cash

In accordance with the Trust Indenture dated February 1, 2007, the District maintains a Reserve Fund Escrow Account in the amount of at least \$691,200. The funds are held by the trustee of the Series 2007 bonds. Amounts on deposit in the Reserve Fund Escrow Account shall be released and transferred to the bond fund for payment of principal and interest due on the Series 2007 bond if a deficiency exists in the Principal or Interest accounts.

Note 3: Capital Assets

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

	<u>Balance</u> <u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>
<u>Governmental Type Activities:</u>				
Capital assets not being depreciated:				
Parks, landscaping	\$ 679,798	\$ -	\$ -	\$ 679,798
Total capital assets not being depreciated:	<u>679,798</u>	<u>-</u>	<u>-</u>	<u>679,798</u>
Government type assets, net	<u>\$ 679,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 679,798</u>

The Service Plan requires the district to convey the streets, water, sanitation and storm drainage improvements to Jefferson County for ownership and maintenance. These amounts have been properly conveyed in prior years. The HOA is maintaining the landscape improvements which are not depreciated.

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2016, is as follows:

On February 21, 2007 the District issued \$9,500,000 of Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds, Series 2007 and \$200,000 Supplemental "B" Interest Registered Coupons at interest rates ranging from 4% to 4.75%. The bonds are payable semiannually on each June 1 and December 1, commencing on June 1, 2007. The bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2009. Proceeds of the Bonds were used to fund an escrow fund in respect to the Series 2003 Bonds, refund the Series 2003 Subordinate Bonds, reimburse the developer for the cost of installing and constructing certain public improvements, fund the reserve fund, fund capitalized interest and pay the cost of issuing the Series 2007 Bonds.

The Series 2007 Bonds are to be paid from the Required Mill Levy and Specific Ownership Taxes.

The Series 2007 Bonds maturing on and after December 1, 2017 are subject to redemption prior to maturity at the option of the District, in whole on any date, or in part on any Interest payment date, at any time after December 1, 2017, at the redemption price equal to the principal amount of each Series 2007 Bond or portion thereof redeemed plus accrued interest to the date of redemption.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 185,000	\$ 387,219	\$ 572,219
2018	205,000	379,634	584,634
2019	210,000	371,178	581,178
2020	230,000	362,463	592,463
2021	240,000	352,975	592,975
2022 - 2026	1,465,000	1,599,800	3,064,800
2027 - 2031	1,970,000	1,236,600	3,206,600
2032 - 2036	2,665,000	708,225	3,373,225
2037	1,320,000	62,700	1,382,700
	<u>\$ 8,490,000</u>	<u>\$ 5,460,794</u>	<u>\$ 13,950,794</u>

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

The following is an analysis of changes in long-term debt for the period ending December 31, 2016:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Current Portion
General Obligation Bonds	\$8,665,000	\$ -	\$ 175,000	\$8,490,000	\$ 185,000
Issue premium	57,662	-	2,631	55,031	-
	<u>\$8,722,662</u>	<u>\$ -</u>	<u>\$ 177,631</u>	<u>\$8,545,031</u>	<u>\$ 185,000</u>

As of December 31, 2016, the District had remaining voted debt authorization of approximately \$11,866,701 for capital projects, \$13,653,299 for refunding purposes, \$1,000,000 for operations, \$20,565,000 for Reimbursement Agreements and \$10,000,000 for Mortgages. The District has not budgeted to issue any additional debt in 2017. Per the District's Service Plan, the District may expend funds for improvements as it deems necessary in its discretion. The combined total estimated cost of improvements anticipated to be necessary for the development of Tablerock is approximately \$12,430,100, inclusive of contingencies. The District may finance all or a portion of such improvements. This amount may increase as the needs of the development evolve.

Note 5: Tax, Spending and Debt Limitations

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

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

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

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

Tablerock Metropolitan District

Notes to Financial Statements
December 31, 2016

Note 6: Risk Management

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

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

Note 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

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

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

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities;
- 2) governmental funds report bond insurance costs as an expenditure, however, in the statement of activities, the bond issuance costs are amortized over the term of the related debt;
- 3) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

Tablerock Metropolitan District

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

For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 528,819	\$ 528,820	\$ 1
Specific ownership taxes	37,016	42,416	5,400
Interest income	<u>-</u>	<u>7,760</u>	<u>7,760</u>
 Total Revenues	 <u>565,835</u>	 <u>578,996</u>	 <u>13,161</u>
 EXPENDITURES			
Bond interest	394,394	394,394	-
Bond principal	175,000	175,000	-
Paying agent fees	8,000	2,050	5,950
Treasurers' fees	<u>7,932</u>	<u>7,937</u>	<u>(5)</u>
 Total Expenditures	 <u>585,326</u>	 <u>579,381</u>	 <u>5,945</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 (19,491)	 (385)	 19,106
 FUND BALANCE - BEGINNING OF YEAR	 <u>1,365,961</u>	 <u>1,368,802</u>	 <u>2,841</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 1,346,470</u>	 <u>\$ 1,368,417</u>	 <u>\$ 21,947</u>

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

Tablerock Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2016

<u>Year Ended</u> <u>December 31,</u>	<u>Prior</u> <u>Year Assessed</u> <u>Valuation</u> <u>for Current</u> <u>Year Property</u> <u>Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2004	\$ 1,684,200	5.000	52.475	\$ 96,799	\$ 96,798	100.00%
2005	\$ 3,945,340	5.000	52.475	\$ 226,759	\$ 226,612	99.94%
2006	\$ 6,485,720	5.000	52.475	\$ 372,767	\$ 371,284	99.60%
2007	\$ 9,025,090	5.000	52.475	\$ 518,717	\$ 517,035	99.68%
2008	\$ 11,098,010	5.000	52.475	\$ 637,858	\$ 638,253	100.06%
2009	\$ 11,128,020	5.000	52.475	\$ 639,583	\$ 636,830	99.57%
2010	\$ 12,034,760	5.000	52.475	\$ 691,698	\$ 692,611	100.13%
2011	\$ 12,150,910	5.000	47.000	\$ 631,847	\$ 633,458	100.25%
2012	\$ 11,554,614	5.000	46.000	\$ 589,285	\$ 589,285	100.00%
2013	\$ 11,591,727	5.000	46.000	\$ 591,178	\$ 591,178	100.00%
2014	\$ 11,821,833	5.000	46.000	\$ 602,913	\$ 602,914	100.00%
2015	\$ 11,845,721	5.000	45.000	\$ 592,286	\$ 592,286	100.00%
2016	\$ 13,057,244	5.000	40.500	\$ 594,105	\$ 594,106	100.00%
Estimated for year ending December 31, 2017	\$ 13,053,388	5.000	40.500	\$ 593,929		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.