

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**Larimer County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2016**



**RECEIVED**

*By Electronic Submission at 1:29 pm, May 10, 2017*

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Dazzio & Associates, PC

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Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Thompson Crossing Metropolitan District No. 6  
Larimer County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Thompson Crossing Metropolitan District No. 6 as of and for the year 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 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.

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## 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 the Thompson Crossing Metropolitan District No. 6, as of December 31, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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 opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thompson Crossing Metropolitan District No. 6's basic financial statements. The Supplementary Information and the Other Information, as listed on the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other 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 them.

*Duggio & Associates, P.C.*

April 10, 2017

## **BASIC FINANCIAL STATEMENTS**

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 24,006
Cash and investments - Restricted	629,801
Receivable - County Treasurer	492
Property taxes receivable	238,442
System Development Fees receivable	1,733
Due from Thompson Crossing No. 3	826
Total assets	895,300
<b>LIABILITIES</b>	
Accrued interest payable	14,500
Due to Thompson Crossing No. 3	24,133
Noncurrent liabilities	
Due in more than one year	4,633,803
Total liabilities	4,672,436
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	238,442
Total deferred inflows of resources	238,442
<b>NET POSITION</b>	
Restricted for:	
Debt service	168,828
Unrestricted	(4,184,406)
Total net position	\$ (4,015,578)

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 44,655	\$ -	\$ -	\$ -	\$ (44,655)
Interest and related costs on long-term debt	270,764	-	-	57,191	(213,573)
	<u>\$ 315,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,191</u>	<u>(258,228)</u>
General revenues:					
Property taxes					74,024
Specific ownership taxes					5,944
Net investment income					3,471
Total general revenues					<u>83,439</u>
Change in net position					(174,789)
Net position - Beginning					(3,840,789)
Net position - Ending					<u>\$ (4,015,578)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 24,006	\$ -	\$ 24,006
Cash and investments - Restricted	-	629,801	629,801
Receivable - County Treasurer	127	365	492
System Development Fees receivable	-	1,733	1,733
Due from Thompson Crossing No. 3	-	826	826
Property taxes receivable	70,238	168,204	238,442
<b>TOTAL ASSETS</b>	<b>\$ 94,371</b>	<b>\$ 800,929</b>	<b>\$ 895,300</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to Thompson Crossing No. 3	\$ 24,133	\$ -	\$ 24,133
Total liabilities	24,133	-	24,133
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenue	70,238	168,204	238,442
Total deferred inflows of resources	70,238	168,204	238,442
<b>FUND BALANCES</b>			
Restricted for:			
Debt service	-	632,725	632,725
Total fund balances	-	632,725	632,725
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 94,371</b>	<b>\$ 800,929</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(3,763,728)
Bonds discount	37,439
Accrued interest payable on bonds	(14,500)
Developer advance payable	(873,760)
Accrued interest on Developer advance	(33,754)
Net position of governmental activities	<b>\$ (4,015,578)</b>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 19,109	\$ 54,915	\$ 74,024
Specific ownership tax	1,535	4,409	5,944
Development Fees	-	57,191	57,191
Net investment income	146	3,325	3,471
Total revenues	<u>20,790</u>	<u>119,840</u>	<u>140,630</u>
<b>EXPENDITURES</b>			
Current			
County Treasurer's fee	382	1,099	1,481
Transfer to District No. 3 - Operations	44,273	-	44,273
Debt service			
Bond interest	-	174,000	174,000
Paying agent/trustee fees	-	5,500	5,500
Total expenditures	<u>44,655</u>	<u>180,599</u>	<u>225,254</u>
<b>NET CHANGE IN FUND BALANCES</b>	(23,865)	(60,759)	(84,624)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>23,865</u>	<u>693,484</u>	<u>717,349</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 632,725</u></u>	<u><u>\$ 632,725</u></u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$	(84,624)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Interest payable - Developer advances - Change in liability		(26,213)
Accrued interest on bonds payable - Change in liability		(62,124)
Amortization of bond discount		(1,828)
		(174,789)
Changes in net position of governmental activities	\$	(174,789)

These financial statements should be read only in connection with the accompanying notes to financial statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 19,109	\$ 19,109	\$ 19,109	\$ -
Specific ownership tax	1,720	1,493	1,535	42
Other income	1,971	393	-	(393)
Net investment income	200	140	146	6
Total revenues	<u>23,000</u>	<u>21,135</u>	<u>20,790</u>	<u>(345)</u>
<b>EXPENDITURES</b>				
County Treasurer's fee	382	382	382	-
Contingency	1,971	393	-	393
Transfer to District No. 3 - Operations	<u>20,647</u>	<u>44,225</u>	<u>44,273</u>	<u>(48)</u>
Total expenditures	<u>23,000</u>	<u>45,000</u>	<u>44,655</u>	<u>345</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(23,865)</u>	<u>(23,865)</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>23,865</u>	<u>23,865</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Thompson Crossing Metropolitan District No. 6 (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 Larimer County on November 9, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the construction, installation, financing, and operation of public improvements, including streets, traffic safety controls, water, sanitary sewer, storm drainage, television relay and translator, transportation, park and recreation facilities, and mosquito control within the District.

Under an amended service plan dated August 11, 2005, the District was organized in conjunction with five other related districts, Thompson Crossing Metropolitan District No. 1 (Control District), Thompson Crossing Metropolitan District No. 2 (Commercial District), Thompson Crossing Metropolitan District No. 3 (Operating District), Thompson Crossing Metropolitan District No. 4 (Financing District), and Thompson Crossing Metropolitan District No. 5 (Financing District) (collectively, the Districts). The District serves as a financing district for Thompson Crossing Metropolitan District No. 3. The District's service area is located entirely within the Town of Johnstown (Town), Larimer County, Colorado.

The District follows the Governmental Accounting Standards Board (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, including the Town and the other Districts.

The District has no employees and contracts for all of its management and professional services.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

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.

Separate financial statements are provided for governmental funds. 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 related cash flows.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and Development Fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

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 general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall 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 has amended its annual budget for the year ended December 31, 2016.

**Pooled 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 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 total cash.

Investments are carried at fair value.

**Property Taxes**

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

**Amortization**

**Original Issue Discount/Premium**

In the government-wide financial statements bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Development Fees**

Development Fees are charged against properties within the District. The Development Fee is due at the time of issuance of a building permit. All fees collected on or after July 7, 2015, are pledged to the payment of principal and interest on the Series 2015A bonds. Development Fees are imposed at the rate of \$1,733 per single-family lot.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports 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 government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Equity**

***Net Position***

For government-wide presentation purposes 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.

***Fund Balance***

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by 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* – 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 criteria described above.

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

**Reclassifications**

For comparability, certain 2015 amounts have been reclassified where appropriate to conform with the 2016 financial statement presentation.

**NOTE 3 - CASH AND INVESTMENTS**

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

Statement of net position:

Cash and investments	\$ 24,006
Cash and investments - Restricted	<u>629,801</u>
Total cash and investments	<u><u>\$ 653,807</u></u>

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

Investments	<u><u>\$ 653,807</u></u>
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**Deposits with Financial Institutions**

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.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

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 did not have any cash deposits since the local government investment pool described below provides payment services.

**Investments**

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

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

**Fair Value Measurement and Application**

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; and 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.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

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

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 653,807</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which 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 a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

**NOTE 4 - LONG-TERM OBLIGATIONS**

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

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Compounding of Unpaid Interest</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
<b>Government Activities:</b>						
General Obligation Limited Tax Bonds - Series 2015A	\$ 2,900,000	\$ -	\$ -	\$ -	\$ 2,900,000	\$ -
Subordinate General Obligation Limited Tax Bonds - Series 2015B						
Principal	784,000	-	-	-	784,000	-
Accrued interest	17,604	60,760	-	1,364	79,728	-
Original issue discount	(39,267)	-	(1,828)	-	(37,439)	-
Developer advance payable - Capital	873,760	-	-	-	873,760	-
Accrued interest - Developer advance payable - Capital	7,541	26,213	-	-	33,754	-
	<u>\$ 4,543,638</u>	<u>\$ 86,973</u>	<u>\$ (1,828)</u>	<u>\$ 1,364</u>	<u>\$ 4,633,803</u>	<u>\$ -</u>

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

The details of the District's long-term obligations are as follows:

**General Obligation Bonds**

**\$2,900,000 General Obligation Limited Tax (Convertible to Unlimited Tax) Bonds, Series 2015A, dated September 17, 2015**, (the Senior Bonds) with interest of 6.00%, payable semi-annually on June 1 and December 1, beginning on December 1, 2015. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2018. The Bonds mature on December 1, 2044, and are subject to redemption prior to maturity, at the option of the District, on December 1, 2020, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2020, to November 30, 2021	3.00%
December 1, 2021, to November 30, 2022	2.00%
December 1, 2022, to November 30, 2023	1.00%
December 1, 2023, and thereafter	0.00%

The proceeds from the sale of the Senior and Subordinate Bonds were used for the purposes of: (i) paying or reimbursing the costs of capital infrastructure improvements; (ii) providing capitalized interest for the Senior Bonds; (iii) funding a Reserve Fund securing the Senior Bonds; and; (iv) paying costs of issuance of the Senior and Subordinate Bonds.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, consisting of monies derived by the District from the following sources, net of any costs of collections: (i) the Senior Required Mill Levy; (ii) the Development Fees collected on or after July 7, 2015; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (iv) any other legally available monies of the District which the District deposits with the Trustee for application as Senior Pledged Revenue.

The Senior Indenture requires that a Senior Required Mill Levy be imposed in an amount sufficient to pay the principal of and interest on the Senior Bonds, but not in excess of 50 mills (subject to adjustment as described below) and for so long as the Surplus Fund is less than the Maximum Surplus Amount of \$290,000, not less than 50 mills (as adjusted). Such maximum and minimum mill levies are subject to adjustment for changes occurring in the method of calculating assessed valuation since August 20, 2001. Once the ratio derived by dividing the District's currently outstanding general obligation debt by the assessed valuation of all taxable property of the District is equal to or less than 50%, the Senior Required Mill Levy is no longer subject to such limitations and is required to be imposed at a level sufficient to pay the Senior Bonds when due, without limitation of rate. As of December 31, 2016, the adjusted maximum and minimum mill levy is 57.475 mills. For collection year 2017, the District levied 28.740 mills for the Senior Bonds.

The Senior Bonds are also secured by amounts held in the Senior Reserve Fund.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

Prior to the date the Debt to Assessed Ratio is equal to 50% or less, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of 10% of par value of the Senior Bonds. Under the Senior Indenture, the Surplus Fund is terminated once the Debt to Assessed Ratio is equal to or less than 50%, at which time the Surplus Fund will be terminated and any monies therein will be applied to the payment of the Subordinate Bonds. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Senior Required Mill Levy.

**\$784,000 Subordinate General Obligation Limited Tax Bonds, Series 2015B, dated September 17, 2015**, (the Subordinate Bonds) with interest of 7.75%, payable annually from Subordinate Pledged Revenue on December 15, beginning on December 15, 2015. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are also subject to redemption prior to maturity, at the option of the District, on December 15, 2020, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 15, 2020, to December 14, 2021	3.00%
December 15, 2021, to December 14, 2022	2.00%
December 15, 2022, to December 14, 2023	1.00%
December 15, 2023, and thereafter	0.00%

The Subordinate Bonds are secured by and payable solely from Subordinate Pledged Revenue, consisting of monies derived by the District from the following sources, net of any costs of collections: (i) the Subordinate Required Mill Levy; (ii) the Subordinate Development Fee Revenue (meaning Development Fees, if any, remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of the Senior Bonds); (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and (iv) any other legally available monies of the District which the District deposits with the Trustee for application as Subordinate Pledged Revenue. Also included as Subordinate Pledged Revenue are any amounts in the Surplus Fund upon the termination of the Surplus Fund.

The Subordinate Indenture requires that a Subordinate Required Mill Levy be imposed in an amount equal to 50 mills (subject to adjustment as described above, and, as adjusted, presently 57.475 mills) less the amount of the Senior Bond Mill Levy, presently comprised of only the Senior Required Mill Levy. For collection year 2017, the District levied 28.735 mills for the Subordinate Bonds.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

The District's long-term obligations, excluding the Subordinate Bonds which payments cannot be determined with certainty, will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 174,000	\$ 174,000
2018	5,000	174,000	179,000
2019	25,000	173,700	198,700
2020	30,000	172,200	202,200
2021	30,000	170,400	200,400
2022-2026	225,000	819,000	1,044,000
2027-2031	360,000	736,200	1,096,200
2032-2036	550,000	606,600	1,156,600
2037-2041	790,000	414,300	1,204,300
2042-2044	885,000	123,300	1,008,300
	<u>\$ 2,900,000</u>	<u>\$ 3,563,700</u>	<u>\$ 6,463,700</u>

**Authorized Debt**

On November 1, 2005, District voters approved debt authorization in the amount of \$520,000,000 for the construction of capital improvements, with an additional \$65,000,000 for refunding debt. The voters also authorized debt of \$65,000,000 for the cost of operating and maintaining the District's systems.

The Modified Consolidated Service Plan dated October 3, 2005, limits the total principal amount of obligations that the Districts may have outstanding in aggregate at any one time to \$65,000,000, provided that in the case where obligations of the Financing Districts are supporting revenue bonds of the Control District, the Control District revenue bonds shall not be counted. At December 31, 2016, the total outstanding principal obligations of the Districts were \$48,499,000, which includes \$20,620,000 of debt in Thompson Crossing Metropolitan District No. 2 and \$24,195,000 in Thompson Crossing Metropolitan District No. 4.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

The District had authorized but unissued debt at December 31, 2016, for the following detailed purposes:

	<b>Authorized November 1, 2005 Election</b>	<b>Authorization Used Series 2015A</b>	<b>Authorization Used Series 2015B</b>	<b>Remaining at December 31, 2016</b>
Water	\$ 65,000,000	\$ 519,400	\$ 140,400	\$ 64,340,200
Sanitary/storm sewer	65,000,000	1,188,700	321,350	63,489,950
Streets	65,000,000	1,059,650	286,500	63,653,850
Parks and recreation	65,000,000	132,250	35,750	64,832,000
Traffic and safety	65,000,000	-	-	65,000,000
Operations/maintenance	65,000,000	-	-	65,000,000
Debt refunding	65,000,000	-	-	65,000,000
Television relay	65,000,000	-	-	65,000,000
Public transportation	65,000,000	-	-	65,000,000
Mosquito control	65,000,000	-	-	65,000,000
	<u>\$ 650,000,000</u>	<u>\$ 2,900,000</u>	<u>\$ 784,000</u>	<u>\$ 646,316,000</u>

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NOTE 5 - NET POSITION**

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

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$168,828 for debt service as of December 31, 2016.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**NOTE 6 - RELATED PARTY**

All of the members of the Board of Directors during 2016 were employees of, or consultants to, Oakwood Homes LLC, the major landowner, developer and home builder of the property within Thompson Crossing Metropolitan District Nos. 3, 4, 5 and 6.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 7 - DISTRICT AGREEMENTS**

**District Facilities Construction and Service Intergovernmental Agreement**

On June 29, 2006, Thompson Crossing Metropolitan District No. 3 (Operating District) entered into an agreement with Thompson Crossing Metropolitan District No. 4 and Thompson Crossing Metropolitan District No. 5 (Financing Districts). The Agreement was amended and restated on May 21, 2008, to include the District as a Financing District. Under the Amended Agreement, the Operating District will, on behalf of the Financing Districts, contract for and supervise the construction and acquisition of District facilities. The Operating District shall own all the facilities and shall be responsible for the operation and maintenance of all facilities.

The District facilities are to be financed from the proceeds of general obligation indebtedness to be issued by the Financing Districts. The Financing Districts, shall provide for the payment of the capital and service costs or, at the option of any Financing District, may make annual payments to an escrow account for capital costs and to a service fund account for service costs. The amount of payment due under the annual payment option shall not be less than the amounts set forth in the final budget for the budget year, as prepared by the Operating District and approved by the Financing Districts. Once payments have been made to the Operating District, the Operating District shall have sole authority to withdraw monies from the accounts but shall account to the Financing Districts for funds withdrawn and payments made.

The financial obligations of the Financing Districts under this Amended Agreement are general obligations of the Financing Districts, and shall be payable from ad valorem taxes generated as a result of the certification by the Financing Districts of a mill levy, except as they may actually be paid from other revenues. The Boards of the Financing Districts shall annually determine, fix, and certify a rate of levy for ad valorem taxes which, when added to other funds of the Financing Districts, will be sufficient to promptly and fully pay the amounts to be paid under this agreement, as well as all other general obligation indebtedness of the Financing Districts, as the same become due.

During 2016, the District transferred \$44,273 of service costs to the Operating District under this agreement.

**Advance and Reimbursement and Facilities Acquisition Agreement**

The District entered into an Advance and Reimbursement and Facilities Acquisition Agreement (the Agreement) with Oakwood Homes LLC, (the Developer) on July 7, 2015. Pursuant to the Agreement, the Developer will provide advances to the District for capital construction of certain public improvements.

The District will reimburse the Developer for the advances, together with interest at the rate of 3% per annum. The District will make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements and debt service costs and expenses of the District. Payments by the District are applied first to interest on, then to principal of the advances.

During 2016, no funds were advanced to the District. As of December 31, 2016, outstanding Developer advances totaled \$907,514, consisting of \$873,760 for capital advances and \$33,754 of accrued interest.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 8 - 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 acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). 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, public officials', crime and workers compensation liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's 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 transfers all of its General Fund revenue to the Operating District. Therefore, no Emergency Reserve has been provided for by the District. The Emergency Reserve related to the District's revenue stream is captured in the Operating District.

On November 1, 2005, the District voters passed an election question to increase property taxes \$5,000,000 annually, without limitation of rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue annually, other than ad valorem taxes, without regard to any limitations under TABOR.

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.

This information is an integral part of the accompanying financial statements.

## **SUPPLEMENTARY INFORMATION**

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 54,915	\$ 54,915	\$ 54,915	\$ -
Specific ownership tax	4,942	4,291	4,409	118
Development Fees	69,323	69,323	57,191	(12,132)
Net investment income	500	3,000	3,325	325
Total revenues	<u>129,680</u>	<u>131,529</u>	<u>119,840</u>	<u>(11,689)</u>
<b>EXPENDITURES</b>				
Current				
Bond interest - Series 2015A	174,000	174,000	174,000	-
Paying agent/trustee fees	3,000	5,500	5,500	-
County Treasurer's fee	1,098	1,099	1,099	-
Contingency	1,902	1,401	-	1,401
Total expenditures	<u>180,000</u>	<u>182,000</u>	<u>180,599</u>	<u>1,401</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(50,320)</u>	<u>(50,471)</u>	<u>(60,759)</u>	<u>(10,288)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>688,905</u>	<u>693,484</u>	<u>693,484</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 638,585</u>	<u>\$ 643,013</u>	<u>\$ 632,725</u>	<u>\$ (10,288)</u>

## **OTHER INFORMATION**

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6  
SCHEDULE OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED  
December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2012	\$ 4,990	72.475	-	\$ 362	\$ 361	99.72%
2013	\$ 4,990	72.475	-	\$ 362	\$ 362	100.00%
2014	\$ 4,990	72.475	-	\$ 362	\$ 362	100.00%
2015	\$ 182,510	73.475	-	\$ 13,410	\$ 13,410	100.00%
2016	\$ 955,465	20.000	57.475	\$ 74,024	\$ 74,024	100.00%
Estimated for the year ending December 31, 2017	\$ 2,926,563	24.000	57.475	\$ 238,442		

**NOTE:**

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

**THOMPSON CROSSING METROPOLITAN DISTRICT NO. 6  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2016**

<u>Bonds and Interest Maturing in the Year Ending December 31,</u>	<b>\$2,900,000 General Obligation Limited Tax Convertible to Unlimited Tax Bonds Dated September 17, 2015 Series 2015A Interest Rate of 6.00% Payable June 1 and December 1 Principal Due December 1</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 174,000	\$ 174,000
2018	5,000	174,000	179,000
2019	25,000	173,700	198,700
2020	30,000	172,200	202,200
2021	30,000	170,400	200,400
2022	35,000	168,600	203,600
2023	40,000	166,500	206,500
2024	45,000	164,100	209,100
2025	50,000	161,400	211,400
2026	55,000	158,400	213,400
2027	60,000	155,100	215,100
2028	65,000	151,500	216,500
2029	70,000	147,600	217,600
2030	80,000	143,400	223,400
2031	85,000	138,600	223,600
2032	95,000	133,500	228,500
2033	100,000	127,800	227,800
2034	110,000	121,800	231,800
2035	115,000	115,200	230,200
2036	130,000	108,300	238,300
2037	135,000	100,500	235,500
2038	150,000	92,400	242,400
2039	155,000	83,400	238,400
2040	170,000	74,100	244,100
2041	180,000	63,900	243,900
2042	195,000	53,100	248,100
2043	210,000	41,400	251,400
2044	480,000	28,800	508,800
	<u>\$ 2,900,000</u>	<u>\$ 3,563,700</u>	<u>\$ 6,463,700</u>