

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**Douglas County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2017**

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Office of the State Auditor

April 26, 2018

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## SCHILLING & COMPANY, INC.

*Certified Public Accountants*

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### **Independent Auditor's Report**

Board of Directors  
Robinson Ranch Metropolitan District  
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Robinson Ranch Metropolitan District (District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund Robinson Ranch Metropolitan District, as of December 31, 2017, and the respective changes in financial position and the respective 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 governmental 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 District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
April 17, 2018

## **BASIC FINANCIAL STATEMENTS**

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2017**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments - unrestricted	\$ 70
Cash and investments - restricted	67,101
Prepaid expense	2,488
Receivable - County treasurer	427
Property taxes receivable	109,887
Total assets	<u>179,973</u>
<b>LIABILITIES</b>	
Accounts payable	2,615
Accrued interest on bonds	4,467
Noncurrent liabilities:	
Due within one year:	10,000
Due in more than one year	660,000
Total liabilities	<u>677,082</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	109,887
Deferred license revenue	24,000
Total deferred inflows of resources	<u>133,887</u>
<b>NET POSITION</b>	
Restricted	
Emergency reserves	1,300
Debt service	48,208
Unrestricted	(680,504)
Total net position	<u>\$ (630,996)</u>

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

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Change in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 35,137	\$ -	\$ -	\$ -	\$ (35,137)
Interest and expenses on long-term debt	54,634	-	-	-	(54,634)
	<u>\$ 89,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(89,771)</u>
General revenues					
Property taxes					58,143
Specific ownership taxes					6,370
License revenue					24,000
Interest					897
Total general revenues					<u>89,410</u>
Change in net position					(361)
Net position - beginning of year					<u>(630,635)</u>
Net position - end of year					<u>\$ (630,996)</u>

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

**ROBINSON RANCH METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017**

	<b>General</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments - unrestricted	\$ 70	\$ -	\$ 70
Cash and investments - restricted	-	67,101	67,101
Prepaid expenditures	2,488	-	2,488
Receivable - County treasurer	427	-	427
Due from other funds	14,426	-	14,426
Property taxes receivable	34,536	75,351	109,887
Total assets	\$ 51,947	\$ 142,452	\$ 194,399
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,615	\$ -	\$ 2,615
Due to other funds	-	14,426	14,426
Total liabilities	2,615	14,426	17,041
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	34,536	75,351	109,887
Deferred license revenue	24,000	-	24,000
Total deferred inflows of resources	58,536	75,351	133,887
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid expenditures	2,488	-	2,488
Restricted			
Emergency reserves	1,300	-	1,300
Debt service	-	52,675	52,675
Unassigned	(12,992)	-	(12,992)
Total fund balance (deficit)	(9,204)	52,675	43,471
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	\$ 51,947	\$ 142,452	

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

Bonds payable	(670,000)
Accrued interest on bonds	(4,467)
Net position of governmental activities	\$ (630,996)

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

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE (DEFICIT)**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 11,629	\$ 46,514	\$ 58,143
Specific ownership taxes	6,370	-	6,370
License revenue	24,000	-	24,000
Interest	108	789	897
Total revenues	<u>42,107</u>	<u>47,303</u>	<u>89,410</u>
<b>EXPENDITURES</b>			
General			
Audit	8,894	-	8,894
County treasurer fees	174	698	872
District management and accounting	15,346	-	15,346
Dues and subscriptions	272	-	272
Insurance and bonds	2,488	-	2,488
Legal	7,059	-	7,059
Miscellaneous	206	-	206
Debt Service			
Bond principal	-	10,000	10,000
Bond interest	-	54,400	54,400
Paying agent fees	-	300	300
Total expenditures	<u>34,439</u>	<u>65,398</u>	<u>99,837</u>
<b>NET CHANGE IN FUND BALANCE</b>	7,668	(18,095)	(10,427)
<b>FUND BALANCE (DEFICIT) - BEGINNING OF YEAR</b>	<u>(16,872)</u>	<u>70,770</u>	<u>53,898</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ (9,204)</u>	<u>\$ 52,675</u>	<u>\$ 43,471</u>

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

**ROBINSON RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCE (DEFICIT) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$ (10,427)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The net effect of these differences are as follows:

Bond principal payments	\$ 10,000	
Net change in accrued interest on bonds	<u>66</u>	<u>10,066</u>

Change in net position of governmental activities	<u><u>\$ (361)</u></u>
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE (DEFICIT)**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2017**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 11,629	\$ 11,629	\$ 11,629	\$ -
Specific ownership taxes	5,200	6,350	6,370	20
License revenue	24,000	24,000	24,000	-
Interest	700	100	108	8
Total revenues	<u>41,529</u>	<u>42,079</u>	<u>42,107</u>	<u>28</u>
<b>EXPENDITURES</b>				
Audit	6,000	8,900	8,894	6
County treasurer fees	175	175	174	1
Directors' fees	1,000	-	-	-
District management and accounting	12,000	15,400	15,346	54
Dues and subscriptions	300	300	272	28
Insurance and bonds	3,000	2,500	2,488	12
Legal	7,000	7,000	7,059	(59)
Miscellaneous	400	400	206	194
Emergency reserve	1,250	-	-	-
Total expenditures	<u>31,125</u>	<u>34,675</u>	<u>34,439</u>	<u>236</u>
<b>NET CHANGE IN FUND BALANCE</b>	10,404	7,404	7,668	264
<b>FUND BALANCE (DEFICIT) - BEGINNING OF YEAR</b>	<u>31,274</u>	<u>(16,872)</u>	<u>(16,872)</u>	<u>(48,146)</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u>\$ 41,678</u>	<u>\$ (9,468)</u>	<u>\$ (9,204)</u>	<u>\$ (47,882)</u>

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

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Robinson Ranch Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree on April 20, 2010, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado, entirely within the Town of Parker (Town).

The District was organized to provide financing and acquire and construct public improvements within and without its boundaries, including street and traffic controls, water and sanitary sewer facilities and storm sewer services and facilities.

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

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 District organization nor is the District a component unit of any other primary governmental entity.

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

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

**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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for redemption of bonds are recorded as a reduction in liabilities.

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. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 other funds.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest and related expenses on long-term general obligation debt.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**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.

For the year ended December 31, 2017, supplementary appropriations approved by the District's board of directors modified the appropriation from \$31,125 to \$34,675 in the General Fund.

**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 account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**Property Taxes**

Property taxes are levied by the District'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 30th 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 deferred inflows of resources related to property tax revenues are recorded as revenue in the year they are available or collected.

**Fund Balances – Governmental Fund**

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.

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

Unassigned fund balance – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - unrestricted	\$ 70
Cash and investments - restricted	<u>67,101</u>
	<u>\$ 67,171</u>

Cash and investments as of December 31, 2017 consist of the following:

Deposits with financial institutions	\$ 0
Investments	<u>67,171</u>
Total cash and investments	<u>\$ 67,171</u>

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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.

At December 31, 2017, the District's cash deposits had a bank balance of \$4,928 and a carrying balance of \$0.

**Investments**

**Credit Risk**

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

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

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

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.

**ROBINSON RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

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

As of December 31, 2017, the District had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Colorado Local Government Liquid Asset Trust (Colostrust)	Weighted average under 60 days	\$ 67,171
		<u>\$ 67,171</u>

**COLOTRUST**

During 2017, the District invested in the Colorado Local Government Liquid Asset Trust (Colostrust) an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colostrust. Colostrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colostrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities 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. A designated custodial bank serves as custodian for Colostrust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for Colostrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colostrust. As of December 31, 2017, the District had \$67,171 invested in COLOTRUST PLUS+ in the name of the District. Colostrust is rated AAAM by S&P Global Ratings.

Investments of \$67,101 are restricted in the Debt Service Fund for servicing the District's bond debt (Note 4).

**Investment Valuation**

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in Colostrust at yearend for which the investment valuations were determined as follows.

**ROBINSON RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

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

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

**NOTE 4 - LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations for the year ended December 31, 2017:

	<b>Balance at</b>			<b>Balance at</b>	
	<b>December 31,</b>			<b>December 31,</b>	<b>Due Within</b>
	<u>2016</u>	<u>Additions</u>	<u>Payments</u>	<u>2017</u>	<u>One Year</u>
2011 General Obligation Bonds	\$ 680,000	\$ -	\$(10,000)	\$ 670,000	\$ 10,000
	<u>\$ 680,000</u>	<u>\$ -</u>	<u>\$(10,000)</u>	<u>\$ 670,000</u>	<u>\$ 10,000</u>

**General Obligation Bonds, Series 2011**

On January 19, 2011, the District issued \$700,000 General Obligation Bonds, Series 2011. Interest on the bonds is payable semiannually on June 1 and December 1, at an interest rate of 8%. The bonds are subject to sinking fund redemption beginning December 1, 2014 and each December 1 thereafter until final maturity on December 1, 2039. The bonds are secured by and payable from pledged revenue which consists of the moneys derived by the District from the levy of taxes without limit as to rate or amount to pay principal of, premium, if any, and interest on the bonds when due. The District's Service Plan stipulates, until such time as the Debt to Assessed Value is equal to or less than 50%, the ad valorem property tax mill levy shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate. The bond covenants required the establishment of a Bond Reserve Fund of \$67,000. At December 31, 2017, the Bond Reserve Fund balance was \$67,101.

The Bonds are subject to optional redemption prior to maturity, at the option of the District, in whole or in multiples of \$5,000, on and after December 1, 2020 and on any date thereafter, at the redemption price equal to par plus accrued interest, without redemption premium.

The Bonds were issued for the purposes of (i) construction and to reimburse SPASCO of Colorado LLC for construction of, certain infrastructure improvements completed and for organizational expenses of the District paid by the Developer on behalf of the District; (ii) to establish a debt service reserve fund and (iii) to pay issuance costs and the Underwriter's fee with respect to the Bonds.

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

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

The District's long-term obligations mature as follows:

	<b>2011 General Obligation Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 10,000	\$ 53,600	\$ 63,600
2019	10,000	52,800	62,800
2020	10,000	52,000	62,000
2021	10,000	51,200	61,200
2022	10,000	50,400	60,400
2023-2027	85,000	235,600	320,600
2028-2032	145,000	192,800	337,800
2033-2037	210,000	125,200	335,200
2038-2039	180,000	24,400	204,400
	<b>\$ 670,000</b>	<b>\$ 838,000</b>	<b>\$ 1,508,000</b>

**Advance and Reimbursement Agreement**

In an Advance and Reimbursement Agreement dated May 17, 2010, the District and SPASCO of Colorado LLC (Developer) agreed that the District would recognize advances made by the Developer and would accept additional cash advances from the Developer for reimbursement by the District. The reimbursement would include interest at a rate of 7.0%. The payment of the reimbursement is subject to the District's annual appropriation. On October 24, 2011, the District approved the assignment of rights to seek reimbursement from the District for advances from SPASCO of Colorado LLC to International Bank of Commerce. The District did not receive any advances from the Developer during 2017 and there were no outstanding advances payable at December 31, 2017.

**Authorized Debt**

The following table depicts the borrowing authority authorized by the District's voters at the November 3, 2009 District Election and the amount remaining as of December 31, 2017, after application of debt issued by the District.

	<b>Total Authorized</b>	<b>Authorization Used</b>	<b>Remaining at December 31, 2017</b>
Water supply improvements	\$ 75,049	\$ 19,314	\$ 55,735
Sanitation	766,162	197,172	568,990
Streets	1,878,819	483,514	1,395,305
Operations	100,000	-	100,000
Debt refunding	2,720,030	-	2,720,030
	<b>\$ 5,540,060</b>	<b>\$ 700,000</b>	<b>\$ 4,840,060</b>

**ROBINSON RANCH METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 5 – FUND EQUITY**

At December 31, 2017, the District reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$2,488 represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$1,300 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 10).

The restricted fund balance in the Debt Service Fund in the amount of \$52,675 is to be used exclusively for debt service requirements (See Note 4).

**Deficit Fund Balance**

Although the General Fund has a positive net change in the fund balance of \$7,668, the fund balance has an unassigned deficit of \$12,992 at December 31, 2017, due to a negative beginning balance of \$16,872. This fund balance deficit is expected to be eliminated by an anticipated increase in the assessed valuation that will generate more pledged revenue in the future.

**NOTE 6 - NET POSITION**

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

The restricted portion of the net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District’s restricted net position at December 31, 2017 is as follows:

	<b>Governmental Activities</b>
Restricted net position:	
TABOR emergency reserve	\$ 1,300
Debt service	48,208
	\$ 49,508

In the government-wide financial statements, the District’s unrestricted net deficit as of December 31, 2017 totaled \$680,504, primarily due to capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 7 – RELATED PARTY**

The members of the Board of Directors of the District are owners of vacant land contracts to purchase property within the District and may have conflicts of interest in dealing with the District.

**NOTE 8 - RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 9 – AGREEMENTS**

On January 31, 2013, the District entered into a License Agreement (Agreement) with Olde Town Metropolitan District for a perpetual term for the installation, operation and maintenance of certain signage and monumentation. The Agreement requires Olde Town Metropolitan District to pay \$2,000 per month for a total of \$24,000 annually. Olde Town Metropolitan District paid \$24,000 to the District in 2017 for the 2018 annual license fee which is reflected as deferred license revenue in the financial statements.

**NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known 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, except Enterprise.

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.

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)**

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.

On November 3, 2009, a majority of the District's electors authorized the District to collect and spend, or retain annually any and all amounts from any revenue sources without regard to any limitation imposed by TABOR.

On November 3, 2009, the District's voters approved an increase in District taxes to \$100,000 annually for coverage of operations, maintenance and other expenses without regard to any spending, revenue-raising or other limitation contained within TABOR or Section 29-1-301, Colorado Revised Statutes.

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.

**SUPPLEMENTAL INFORMATION**

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**Year Ended December 31, 2017**

	<u>Budget Amounts</u> <u>Original -Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Property taxes	\$ 46,514	\$ 46,514	\$ -
Interest	300	789	489
Total revenues	<u>46,814</u>	<u>47,303</u>	<u>489</u>
<b>EXPENDITURES</b>			
County treasurer fees	698	698	-
Bond principal	10,000	10,000	-
Bond interest	54,400	54,400	-
Paying agent fees	500	300	200
Total expenditures	<u>65,598</u>	<u>65,398</u>	<u>200</u>
<b>NET CHANGE IN FUND BALANCE</b>	(18,784)	(18,095)	689
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>33,142</u>	<u>70,770</u>	<u>37,628</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 14,358</u>	<u>\$ 52,675</u>	<u>\$ 38,317</u>

**OTHER INFORMATION**

**ROBINSON RANCH METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION  
MILL LEVY AND PROPERTY TAXES COLLECTED  
December 31, 2017**

<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>Levied</u>	<u>Collected</u>	
2011	\$ 1,429,560	50.000	\$ 71,478	\$ 71,478	100.00%
2012	\$ 1,318,600	50.000	\$ 65,930	\$ 65,872	99.91%
2013	\$ 1,334,590	50.000	\$ 66,730	\$ 66,684	99.93%
2014	\$ 1,183,360	50.000	\$ 59,168	\$ 59,168	100.00%
2015	\$ 1,199,730	50.000	\$ 59,986	\$ 59,986	100.00%
2016	\$ 1,172,430	50.000	\$ 58,621	\$ 58,621	100.00%
2017	\$ 1,162,850	50.000	\$ 58,143	\$ 58,143	100.00%
Estimated for the year ending December 31, 2018	\$ 3,139,630	35.000	\$ 109,887		

**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.

**ROBINSON RANCH METROPOLITAN DISTRICT**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2017**

**\$700,000 Series 2011**  
**General Obligation Bonds**  
**Interest Rate of 8.0%**  
**Interest Payable on June 1 and December 1**  
**Principal Due on December 1**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Debt Service</u>
2018	\$ 10,000	\$ 53,600	\$	63,600
2019	10,000	52,800		62,800
2020	10,000	52,000		62,000
2021	10,000	51,200		61,200
2022	10,000	50,400		60,400
2023	15,000	49,600		64,600
2024	15,000	48,400		63,400
2025	15,000	47,200		62,200
2026	20,000	46,000		66,000
2027	20,000	44,400		64,400
2028	25,000	42,800		67,800
2029	25,000	40,800		65,800
2030	30,000	38,800		68,800
2031	30,000	36,400		66,400
2032	35,000	34,000		69,000
2033	35,000	31,200		66,200
2034	40,000	28,400		68,400
2035	40,000	25,200		65,200
2036	45,000	22,000		67,000
2037	50,000	18,400		68,400
2038	55,000	14,400		69,400
2039	125,000	10,000		135,000
	<u>\$ 670,000</u>	<u>\$ 838,000</u>	<u>\$</u>	<u>1,508,000</u>