

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT
Grand County, Colorado
—
FINANCIAL STATEMENTS
December 31, 2018

L. PAUL GOECKE P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors

Rendezvous Residential Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Rendezvous Residential Metropolitan District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rendezvous Residential Metropolitan District as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

L. Paul Goedecke P.C.

L. Paul Goedecke, P.C.
July 23, 2019

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

**BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2018**

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	\$ 30,134	\$ -	\$ 30,134	\$ -	\$ 30,134
Cash and investments - restricted	-	53,395	53,395	-	53,395
Cash held in reserve - restricted	-	233,533	233,533	-	233,533
Cash held in reserve - restricted 2018 issue		113,557	113,557		113,557
Property taxes receivable - current	4,654	11,192	15,846	-	15,846
Property taxes receivable - 2018	-	874,822	874,822	-	874,822
Due from developer	<u>6,900</u>	<u>-</u>	<u>6,900</u>	<u>-</u>	<u>6,900</u>
Total Assets	<u>41,688</u>	<u>1,286,499</u>	<u>1,328,187</u>	<u>-</u>	<u>1,328,187</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,520</u>	<u>415,520</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,520</u>	<u>415,520</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 41,688</u>	<u>\$ 1,286,499</u>	<u>\$ 1,328,187</u>		
LIABILITIES					
Accounts payable	1,926	-	1,926	-	1,926
Accrued expense Rendezvous Colorado LLC	16,727	-	16,727	-	16,727
Due to developer	-	-	-	547,100	547,100
Prepaid property taxes	-	-	-	-	-
Long-term liabilities:					
Due withing one year		-	-	325,000	325,000
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,303,596</u>	<u>17,303,596</u>
Total liabilities	<u>18,653</u>	<u>-</u>	<u>18,653</u>	<u>18,175,696</u>	<u>18,194,349</u>
DEFERRED INFLOW OF RESOURCES					
Property tax revenue	<u>-</u>	<u>874,822</u>	<u>874,822</u>	<u>-</u>	<u>874,822</u>
Total deferred inflow of resources	<u>-</u>	<u>874,822</u>	<u>874,822</u>	<u>-</u>	<u>874,822</u>
FUND BALANCE					
Restricted:					
Emergencies	1,500	-	1,500	(1,500)	-
Debt service	-	411,677	411,677	(411,677)	-
Unassigned	<u>21,535</u>	<u>-</u>	<u>21,535</u>	<u>(21,535)</u>	<u>-</u>
Total Fund Balances	<u>23,035</u>	<u>411,677</u>	<u>434,712</u>	<u>(434,712)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 41,688</u>	<u>\$ 1,286,499</u>	<u>\$ 1,328,187</u>		
NET POSITION					
Restricted for:					
Emergencies				1,500	1,500
Debt service				411,677	411,677
Unrestricted				<u>(17,738,641)</u>	<u>(17,738,641)</u>
Total Net Position				<u>\$ (17,325,464)</u>	<u>\$ (17,325,464)</u>

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018**

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Accounting and audit	\$ 5,450	\$ -	\$ 5,450	\$ -	\$ 5,450
Directors fees	500	-	500	-	500
Legal	11,653	-	11,653	-	11,653
Management fees	5,000	-	5,000	-	5,000
Miscellaneous expenses	22	-	22	-	22
Treasurer's fees	-	35,421	35,421	-	35,421
Debt service:					
Debt principal	-	660,000	660,000	(660,000)	-
Bond interest	-	377,706	377,706	18,066	395,772
Paying agent fees	-	1,000	1,000	-	1,000
Administrative fees	-	2,021	2,021	-	2,021
Total Expenditures	<u>22,625</u>	<u>1,076,148</u>	<u>1,098,773</u>	<u>(641,934)</u>	<u>456,839</u>
GENERAL REVENUES					
Property taxes	-	825,603	825,603	-	825,603
Specific ownership taxes	18,204	39,370	57,574	-	57,574
Interest income/misc	-	1,079	1,079	-	1,079
System Development fee	-	166,300	166,300	-	166,300
Tap fee reimbursement	-	30,800	30,800	-	30,800
Total General Revenues	<u>18,204</u>	<u>1,063,152</u>	<u>1,081,356</u>	<u>-</u>	<u>1,081,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,421)	(12,996)	(17,417)	641,934	624,517
OTHER FINANCING SOURCES (USES)					
Proceeds from Bond issue	-	3,600,000	3,600,000	(3,600,000)	-
Cost of issuance	-	(84,500)	(84,500)	-	(84,500)
payment to retire 2003 debt	-	(4,000,000)	(4,000,000)	4,000,000	-
Total other Financing Sources (Uses)	<u>-</u>	<u>(484,500)</u>	<u>(484,500)</u>	<u>400,000</u>	<u>(84,500)</u>
NET CHANGES IN FUND BALANCES	(4,421)	(497,496)	(501,917)	(566,951)	
CHANGE IN NET ASSETS				540,017	540,017
FUND BALANCES/NET ASSETS					
BEGINNING OF YEAR	<u>27,456</u>	<u>909,173</u>	<u>936,629</u>	<u>(18,802,110)</u>	<u>(17,865,481)</u>
END OF YEAR	<u>\$ 23,035</u>	<u>\$ 411,677</u>	<u>\$ 434,712</u>	<u>\$ (18,829,044)</u>	<u>\$ (17,325,464)</u>

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2018**

	Original Budget	Amended & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Specific ownership taxes	\$ 18,300	\$ 22,700	\$ 18,204	\$ (4,496)
Total Revenues	<u>18,300</u>	<u>22,700</u>	<u>18,204</u>	<u>(4,496)</u>
EXPENDITURES				
Accounting and audit	5,400	5,400	5,450	(50)
Directors fees	500	500	500	-
Insurance	350	-	-	-
Legal	5,000	11,600	11,653	(53)
Management fees	5,000	5,000	5,000	-
Miscellaneous expenses	<u>2,050</u>	<u>200</u>	<u>22</u>	<u>178</u>
Total Expenditures	<u>18,300</u>	<u>22,700</u>	<u>22,625</u>	<u>75</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(4,421)	(4,421)
FUND BALANCE:				
BEGINNING OF YEAR	<u>36,634</u>	<u>36,634</u>	<u>27,456</u>	<u>(9,178)</u>
END OF YEAR	<u>\$ 36,634</u>	<u>\$ 36,634</u>	<u>\$ 23,035</u>	<u>\$ (13,599)</u>

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – DEFINITION OF REPORTING ENTITY

Definition of Reporting Entity

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

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

The District follows the Governmental Accounting Standards Boards (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government reports the following major governmental funds:

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

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

Fund Balances

Beginning with fiscal year 2011 the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Budgets

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

Subsequent to the year end the District amended its General Fund budget from \$ 18,300 to \$ 22,700 and its Debt Service Fund budget from \$1,491,492 to \$5,160,700.

Cash

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

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. streets, water system, sewer system and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

System Development and Water Tap Fees

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

Restricted Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$ 1,500 of the General Fund balance has been restricted in compliance with this requirement.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2018 are classified in the accompanying financial statement as follows:

Statement of net position:

Cash and investments – unrestricted	\$ 30,134
– restricted	400,485
	<u>\$ 430,619</u>

Cash and investments as of December 31, 2018 consist of the following:

Deposits with financial institutions	\$ 83,529
Amount held in trust with Financial Institutions	347,090
	<u>\$ 430,619</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2018, the District's cash deposits had a bank balance of \$ 87,128 and a carrying balance of \$ 83,529.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

Credit Risk

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

Colorado State 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
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- * Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2018:

	Balance			Balance	Current
	01/01/2018	Additions	Deletions	12/31/2018	Portion
G.O. Ltd Tax Bonds series 2003	\$ 8,070,000	\$ -	\$ 4,000,000	\$ 4,070,000	\$ -
Developer advances	2,753,596	-	-	2,753,596	-
2016 Refunding Bonds	7,865,000	-	230,000	7,635,000	235,000
2018 Ltd Tax Bonds Series 2018	-	3,600,000	430,000	3,170,000	90,000
Deferred loss on Bonds series 2016	(433,586)	-	(18,066)	(415,520)	-
Total	\$ 18,255,010	\$ 3,600,000	\$ 4,641,934	\$ 17,213,076	\$ 325,000
Add back deferred loss				<u>\$ 415,520</u>	
Net Long term obligations				<u>\$ 17,628,596</u>	

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

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

\$8,070,000 Subordinate General Obligation Limited Tax Bonds, Series 2003, dated June 6, 2003, with variable interest of .01% to 8% depending upon the December 15 assessed valuation of the District of the calendar year in which the District levies a limited mill levy, currently at 50 mills. The term bonds are issued in the minimum denomination of \$500,000 and any integral multiple of \$5,000 in excess thereof and mature on December 1, 2032. The bonds are subject to annual mandatory sinking fund redemption commencing December 1, 2022 and continuing through December 1, 2031. Subject to the limitation of subordination, the bonds are subject to redemption prior to maturity on any date at the option of the District, upon payment, at par plus accrued interest and a 3% redemption premium. The bonds are payable from a limited debt service mill levy not in excess of 50 mills. On January 17, 2018 District paid off \$4,000,000 of the outstanding debt with the issuance of the Series 2018 Limited Tax Obligation Bonds.

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

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

\$3,600,000 General Obligation Limited Tax Bonds, Series 2018, dated January 23, 2018, consisting of 3.88% term bonds with a final maturity of December 1, 2022. The Bonds are limited tax general obligations of the District secured by and payable from pledged revenues consisting of the limited tax mill levy not to exceed 50 mills (subject to future changes in the method of calculating the Districts assessed valuation) system development fees and any other legally available funds.

The proceeds from the sale of the Bonds along with available District funds were used to partially retire the Districts Outstanding Series 2003 Subordinate Bonds. The Bonds are subject to optional call prior to maturity beginning December 1, 2018 without any redemption premium

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUED)

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

Year	Principal	Interest	Total
2019	325,000	357,263	682,263
2020	335,000	347,239	682,239
2021	345,000	335,636	680,636
2022	355,000	324,347	679,347
2023	370,000	312,710	682,710
2024-2028	2,908,710	1,373,646	4,282,356
2029-2033	5,606,290	1,007,546	6,613,836
2034-2038	2,815,000	581,995	3,396,995
2039-2041	1,815,000	116,138	1,931,138
	<u>\$ 14,875,000</u>	<u>\$ 4,756,520</u>	<u>\$ 19,631,520</u>

*The debt schedule assumes the 2018 term bonds are amortized over 25 years.

At December 31, 2018 the District has authorized but unissued indebtedness as limited by the service plan of \$595,000.

NOTE 5 – RELATED PARTY INFORMATION

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

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2018.

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.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE 7 – AGREEMENTS WITH OTHER GOVERNMENTS

Service Plan

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

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

Pre-Inclusion Agreement

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

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 7 – AGREEMENTS WITH OTHER GOVERNMENTS (CONTINUED)

Supplemental Agreement

On September 20, 2000 the District entered into a Supplemental Agreement with the Town of Fraser (“Town”), the Developer and Rendezvous Commercial Metropolitan District. The Developer/District agreed to pre-pay the Town the estimated engineering design and construction cost in the amount of \$1,600,800 for the wholesale water distribution system throughout the District and will receive full credit for a corresponding number of plant investment fees at the rate in effect at the time the payment is made. During 2003 and 2002, an additional \$281,455 and \$1,116,907 respectively, was pre-paid for full credit in the corresponding number of tap fees. The total funding of \$2,999,126 generated over 1,200 taps. This number of taps exceeds the projected number of possible taps based on the project density approved by the Town. Currently, the District receives \$6,000 as a water investment fee for each tap from the Town. This amount is paid on a quarterly basis after a builder pays the Town for a building permit. The original cost was an estimate and the District is required to pay whatever the Town incurs. A plant investment fee shall be equivalent to one single-family equivalent tap.

Advance and Reimbursement/Facilities Acquisition Agreement

On December 10, 2004 the District finalized an agreement with the Developer to establish the terms and conditions for reimbursement of advances for capital construction and operating costs advanced to the District by the Developer through December 31, 2003. According to the agreement the District will make reimbursements to the Developer of actual costs, as certified by the District. No interest will accrue on the capital construction and operating cost advances made.

The final certification by the District of the costs incurred by the Developer has been completed and the amount of capital construction and operating cost advances provided by the Developer have been determined to be \$19,305,340 and \$6,926 respectively. The District and the Developer have agreed that \$2,699,835 of capital construction advances will not be reimbursed to the Developer.

During 2003, the District utilized \$180,000 of water tap fees and the issuance of \$8,070,000 of Subordinated Limited Tax Bonds (see Note 5) to the Developer to further reimburse capital construction advances. At December 31, 2018, the amount owed to the Developer by the District was \$ 2,753,596.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE 7 – AGREEMENTS WITH OTHER GOVERNMENTS (CONTINUED)

NOTE 8 – NET POSITION

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

Restricted assets include Net Position that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

NOTE 9 – TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments. The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Any operating expense shortfall is funded by the Developer and therefore no 3% emergency reserve is provided.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

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

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

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

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

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

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 10 – RECONCILIATION OF *GOVERNMENT-WIDE* AND FUND
FINANCIAL STATEMENTS**

**Explanation of differences between the governmental fund Balance Sheet and the
government-wide Statement of Net Position**

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Deferred loss on refunding	\$	415,520
Due to developer	\$	547,100
Bonds payable	\$	17,628,596

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

**Explanation of differences between the governmental fund Statement of Revenue,
Expenditures and Changes in Fund Balance and the government-wide Statement of
Activities**

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Principal	\$	(660,000)
Bond Interest	\$	18,066
Proceeds from Bond Issuance	\$	(3,600,000)
Payment to retire 2003 Debt	\$	4,000,000

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

SUPPLEMENTAL INFORMATION

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

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

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
System development fees	\$ 15,000	\$ 166,300	\$ 166,300	\$ -
Property taxes	813,823	825,600	825,603	3
Specific ownership taxes	53,091	40,000	39,370	(630)
Interest income/misc	10	1,100	1,079	(21)
Tap Fee reimbursement	361,900	30,800	30,800	-
Total Revenues	<u>1,243,824</u>	<u>1,063,800</u>	<u>1,063,152</u>	<u>(648)</u>
EXPENDITURES				
Bond interest 2017 series	90,000	-	-	-
Bond interest 2016 series	239,227	235,950	235,950	-
Bond Principal 2016 series	750,000	230,000	230,000	-
Bond Principal 2017 series	140,000	-	-	-
Bond Principal 2018 series	230,000	430,000	430,000	-
Bond interest 2018 interest		119,500	119,504	-
Bond interest 2003 subordinate		22,250	22,252	-
Paying agent fees	2,000	1,000	1,000	-
Administrative fees/misc		2,000	2,021	(21)
Treasurer's fees	40,715	36,000	35,421	579
Total Expenditures	<u>1,491,942</u>	<u>1,076,700</u>	<u>1,076,148</u>	<u>552</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(248,118)	(12,900)	(12,996)	(96)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issue		3,600,000	3,600,000	-
Payment of 2017 debt principal		(4,000,000)	(4,000,000)	-
cost of issuance		(84,000)	(84,500)	-
Transfers in(out)	(18,300)	-	-	63,239
Total Other Financing Sources (Uses)	<u>(18,300)</u>	<u>(484,000)</u>	<u>(484,500)</u>	<u>63,239</u>
NET CHANGE IN FUND BALANCE	(266,418)	(496,900)	(497,496)	63,143
FUND BALANCE:				
BEGINNING OF YEAR	<u>537,168</u>	<u>909,173</u>	<u>909,173</u>	<u>214,567</u>
END OF YEAR	<u>\$ 270,750</u>	<u>\$ 412,273</u>	<u>\$ 411,677</u>	<u>\$ 277,710</u>

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

**RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018**

—

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 235,000	\$ 232,232	\$ 467,232
2020	240,000	225,700	465,700
2021	250,000	217,783	467,783
2022	255,000	210,180	465,180
2023	265,000	202,423	467,423
2024	275,000	194,895	469,895
2025	280,000	185,998	465,998
2026	290,000	177,482	467,482
2027	300,000	168,660	468,660
2028	305,000	159,972	464,972
2029	315,000	150,258	465,258
2030	325,000	140,677	465,677
2031	335,000	130,792	465,792
2032	345,000	120,932	465,932
2033	355,000	110,108	465,108
2034	365,000	99,310	464,310
2035	380,000	88,208	468,208
2036	390,000	76,860	466,860
2037	400,000	64,788	464,788
2038	415,000	52,621	467,621
2039	425,000	39,998	464,998
2040	440,000	27,145	467,145
2041	450,000	13,687	463,687
	<u>\$ 7,635,000</u>	<u>\$ 3,090,709</u>	<u>\$ 10,725,709</u>

**RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018**

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	—	2,035	2,035
2020	—	2,035	2,035
2021	—	2,035	2,035
2022		2,035	2,035
2023		2,035	2,035
2024		2,035	2,035
2025		2,035	2,035
2026		2,035	2,035
2027		2,035	2,035
2028	863,710	2,035	865,745
2029	864,143	1,603	865,746
2030	864,574	1,171	865,745
2031	865,006	739	865,745
2032	612,567	306	612,873
	<u>\$ 4,070,000</u>	<u>\$ 24,169</u>	<u>\$ 4,094,169</u>

**RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018**

—

**\$3,600,000
General Obligation Limited Tax Bonds,
Dated January 23, 2018
Interest Rate 3.88%
Payable June 1 and December 1
Principal Due December 1**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 90,000	\$ 122,996	\$ 212,996
2020	95,000	119,504	214,504
2021	95,000	115,818	210,818
2022	100,000	112,132	212,132
2023	105,000	108,252	213,252
2024	110,000	104,178	214,178
2025	115,000	99,910	214,910
2026	120,000	95,448	215,448
2027	120,000	90,792	210,792
2028	130,000	86,136	216,136
2029	135,000	81,092	216,092
2030	140,000	75,854	215,854
2031	145,000	70,422	215,422
2032	150,000	64,796	214,796
2033	155,000	58,976	213,976
2034	160,000	52,962	212,962
2035	165,000	46,754	211,754
2036	175,000	40,352	215,352
2037	180,000	33,562	213,562
2038	185,000	26,578	211,578
2039	195,000	19,400	214,400
2040	200,000	11,834	211,834
2041	105,000	4,074	109,074
	<u>\$ 3,170,000</u>	<u>\$ 1,641,822</u>	<u>\$ 4,811,822</u>

RENDEZVOUS RESIDENTIAL METROPOLITAN DISTRICT

**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2018**

Year Ended December 31,	Prior year Assessed valuation for Current Year	Mills Levied for General Fund	Mills Levied for Debt Service Fund	Total Property Taxes		Percent collected to Levied
	Property Tax Levy			Levied	Collected	
2001	\$ 664,290	5.00	-	\$ 3,321	\$ 3,322	100.00%
2002	46,020	30.00	-	1,381	1,075	78.00%
2003	8,010	-	30.00	240	241	100.00%
2004	1,909,570	-	30.00	57,287	55,474	97.00%
2005	3,197,500	-	40.00	127,900	127,899	100.00%
2006	4,978,100	-	40.00	199,124	199,786	100.30%
2007	7,139,050	-	40.00	285,562	285,561	100.00%
2008	11,936,960	-	40.00	477,478	476,905	99.80%
2009	14,184,530	-	40.00	587,802	563,402	95.85%
2010	16,065,240	-	40.00	642,610	640,640	99.69%
2011	17,438,560	-	40.00	697,542	699,056	100.22%
2012	*13,412,360	-	40.00	536,494	536,494	100.00%
2013	13,498,560	-	50.00	674,928	686,046	101.65%
2014	12,042,030	-	50.00	602,102	590,426	98.06%
2015	12,107,000	-	50.00	605,355	605,355	100.00%
2016	13,070,320	-	50.00	653,516	653,515	100.00%
2017	13,843,230	-	50.00	697,162	697,162	100.00%
2018	16,276,460	-	50.00	813,823	825,603	101.45%
Estimated for calendar year ending December 31, 2019:						
	\$ 17,496,440	-	50.00	\$ 874,822		

Note:

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

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