

TABLE MOUNTAIN METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

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## Independent Auditor's Report

Board of Directors  
Table Mountain Metropolitan District  
Jefferson County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Table Mountain Metropolitan District (the "District") as of and for the year ended December 31, 2020, 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 Table Mountain Metropolitan District as of December 31, 2020, 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

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental 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, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Wipfli LLP  
Lakewood, Colorado

September 24, 2021

**TABLE MOUNTAIN METROPOLITAN DISTRICT**

BALANCE SHEET/STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 3,507	\$ -	\$ -	\$ 3,507	\$ -	\$ 3,507
Cash and investments - restricted	6,169	70,685	12,100	88,954	-	88,954
Receivable - County Treasurer	790	3,949	-	4,739	-	4,739
Property taxes receivable	193,007	396,736	-	589,743	-	589,743
Receivable - developer	5,901	-	-	5,901	(5,901)	-
Capital assets not being depreciated	-	-	-	-	6,638,157	6,638,157
Total Assets	<u>\$ 209,374</u>	<u>\$ 471,370</u>	<u>\$ 12,100</u>	<u>\$ 692,844</u>	<u>6,632,256</u>	<u>7,325,100</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding	-	-	-	-	1,267,034	1,267,034
Total Deferred Outflows of Resources	-	-	-	-	1,267,034	1,267,034
Total Assets and Deferred Outflows of Resources	<u>\$ 209,374</u>	<u>\$ 471,370</u>	<u>\$ 12,100</u>	<u>\$ 692,844</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 8,408	\$ -	\$ -	\$ 8,408	-	8,408
Accrued interest on bonds	-	-	-	-	22,342	22,342
Long-term liabilities:						
Due within one year	-	-	-	-	135,000	135,000
Due in more than one year	-	-	-	-	8,026,581	8,026,581
Total Liabilities	<u>8,408</u>	<u>-</u>	<u>-</u>	<u>8,408</u>	<u>8,183,923</u>	<u>8,192,331</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	193,007	396,736	-	589,743	-	589,743
Total Deferred Inflows of Resources	<u>193,007</u>	<u>396,736</u>	<u>-</u>	<u>589,743</u>	<u>-</u>	<u>589,743</u>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Restricted:						
Emergencies	6,169	-	-	6,169	(6,169)	-
Debt service	-	74,634	-	74,634	(74,634)	-
Capital projects	-	-	12,100	12,100	(12,100)	-
Assigned:						
Subsequent years expenditures	1,790	-	-	1,790	(1,790)	-
Total Fund Balances	<u>7,959</u>	<u>74,634</u>	<u>12,100</u>	<u>94,693</u>	<u>(94,693)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 209,374</u>	<u>\$ 471,370</u>	<u>\$ 12,100</u>	<u>\$ 692,844</u>		
Net Position:						
Restricted for:						
Emergencies					6,169	6,169
Debt service					52,292	52,292
Capital projects					12,100	12,100
Unrestricted					<u>(260,501)</u>	<u>(260,501)</u>
Total Net Position					<u>\$ (189,940)</u>	<u>\$ (189,940)</u>

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

**TABLE MOUNTAIN METROPOLITAN DISTRICT**

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

For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
Accounting and audit	\$ 10,784	\$ -	\$ -	\$ 10,784	\$ -	\$ 10,784
Insurance	6,979	-	-	6,979	-	6,979
Legal	16,110	-	-	16,110	-	16,110
Management fees	21,936	-	-	21,936	-	21,936
Utilities	20,708	-	-	20,708	-	20,708
Mosquito control	2,185	-	-	2,185	-	2,185
Landscape and snow removal	39,527	-	-	39,527	-	39,527
Miscellaneous expenses	428	-	-	428	-	428
Treasurer's fees	1,782	8,911	-	10,693	-	10,693
Bond interest expense	-	165,375	-	165,375	(418,088)	(252,713)
Loan interest expense	-	29,789	-	29,789	32,227	62,016
Issuance costs	-	143,300	-	143,300	-	143,300
Developer interest expense	-	-	-	-	27,736	27,736
Trustee fees	-	5,500	-	5,500	-	5,500
	<u>120,439</u>	<u>352,875</u>	<u>-</u>	<u>473,314</u>	<u>(358,125)</u>	<u>115,189</u>
<b>Total Expenditures</b>						
<b>GENERAL REVENUES</b>						
Property taxes	118,809	594,088	-	712,897	-	712,897
Specific ownership taxes	8,881	44,408	-	53,289	-	53,289
Interest income	708	5,889	14	6,611	-	6,611
	<u>128,398</u>	<u>644,385</u>	<u>14</u>	<u>772,797</u>	<u>-</u>	<u>772,797</u>
<b>Total General Revenues</b>						
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	7,959	291,510	14	299,483	358,125	657,608
<b>OTHER FINANCING SOURCES (USES)</b>						
Loan proceeds	-	7,660,000	-	7,660,000	(7,660,000)	-
Payment to refunding agent	-	(8,715,919)	-	(8,715,919)	8,715,919	-
	<u>-</u>	<u>(1,055,919)</u>	<u>-</u>	<u>(1,055,919)</u>	<u>1,055,919</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>						
<b>NET CHANGES IN FUND BALANCES</b>						
	7,959	(764,409)	14	(756,436)	756,436	
<b>CHANGE IN NET POSITION</b>						
					657,608	657,608
<b>FUND BALANCES/NET POSITION:</b>						
BEGINNING OF YEAR	-	839,043	12,086	851,129	(1,698,677)	(847,548)
END OF YEAR	<u>\$ 7,959</u>	<u>\$ 74,634</u>	<u>\$ 12,100</u>	<u>\$ 94,693</u>	<u>\$ (284,633)</u>	<u>\$ (189,940)</u>

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

**TABLE MOUNTAIN METROPOLITAN DISTRICT**

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

For the Year Ended December 31, 2020

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 118,825	\$ 118,809	\$ (16)
Specific ownership taxes	11,883	8,881	(3,002)
Interest income	<u>2,000</u>	<u>708</u>	<u>(1,292)</u>
Total Revenues	<u>132,708</u>	<u>128,398</u>	<u>(4,310)</u>
<b>EXPENDITURES</b>			
Accounting and audit	10,000	10,784	(784)
Election expense	1,000	-	1,000
Insurance	7,000	6,979	21
Legal	10,000	16,110	(6,110)
Management fees	21,600	21,936	(336)
Utilities	15,000	20,708	(5,708)
Mosquito control	4,250	2,185	2,065
Landscape and snow removal	50,000	39,527	10,473
Tree replacement	10,000	-	10,000
Miscellaneous expenses	1,000	428	572
Treasurer's fees	1,782	1,782	-
Contingency	7,127	-	7,127
Emergency reserve	<u>3,949</u>	<u>-</u>	<u>3,949</u>
Total Expenditures	<u>142,708</u>	<u>120,439</u>	<u>22,269</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,000)	7,959	17,959
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advances	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	-	7,959	7,959
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 7,959</u>	<u>\$ 7,959</u>

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

# TABLE MOUNTAIN METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2020

### Note 1: Summary of Significant Accounting Policies

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

#### Definition of Reporting Entity

The District formed on December 31, 2013 and was organized as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established for the primary purpose of providing the design, acquisition, completion, construction, and installation of water, sanitary sewer, storm drainage, streets, and safety protection, and parks and recreation improvements to benefit the inhabitants and taxpayers of the District.

The District's primary revenues are property taxes and advances. The District is governed by an elected Board of Directors.

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

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

#### Basis of Presentation

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

## TABLE MOUNTAIN METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

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

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

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

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

## TABLE MOUNTAIN METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

#### Budgetary Accounting

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

On November 9, 2020, the District amended its total appropriations in the Debt Service Fund from \$415,163 to \$9,210,213 primarily due to the issuance of the Series 2020 Loan (see Note 4).

#### Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

##### Fair Value of Financial Instruments

The District's financial instruments include cash, investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

##### Deposits and Investments

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

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

## TABLE MOUNTAIN METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

#### Estimates

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

#### Deferred Outflows/Inflows of Resources

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

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

#### Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2020.

## TABLE MOUNTAIN METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

#### 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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

#### Long-Term Obligations

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

#### Fund Equity

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

#### Nonspendable Fund Balance

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

#### Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$6,169 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$74,634 is restricted for the payment of the debt service costs associated with the Series 2020 Loan (see Note 4).

## TABLE MOUNTAIN METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

The restricted fund balance in the Capital Projects Fund in the amount of \$12,100 is restricted for the payment of the costs for capital improvements within the District.

#### Committed Fund Balance

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

#### Assigned Fund Balance

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

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2021.

#### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

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

#### Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

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

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

TABLE MOUNTAIN METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

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

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 3,507
Cash and investments - Restricted	<u>88,954</u>
Total	<u>\$ 92,461</u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 15,193
Investments - COLOTRUST	<u>77,268</u>
	<u>\$ 92,461</u>

Deposits

Custodial Credit Risk

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

The District follows state statutes for deposits.

Investments

Credit Risk

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

## TABLE MOUNTAIN METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

#### Custodial and Concentration of Credit Risk

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

#### Interest Rate Risk

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

#### Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

As of December 31, 2020, the District had the following investment:

#### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$77,268 invested in COLOTRUST.

TABLE MOUNTAIN METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
<u>Capital assets not being depreciated:</u>				
Construction in process	\$ 5,174,136	\$ -	\$ -	\$ 5,174,136
Open space drainage	1,464,021	-	-	1,464,021
Total capital assets not being depreciated	<u>6,638,157</u>	<u>-</u>	<u>-</u>	<u>6,638,157</u>
Government type assets, net	<u>\$ 6,638,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,638,157</u>

Upon completion and acceptance, certain fixed assets will be conveyed by the District to other local governments. The District will only be responsible for maintenance on fixed assets not conveyed to other entities.

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

\$7,660,000 Taxable (Convertible to Tax-Exempt) Limited Tax (Convertible to Unlimited Tax) General Obligation Loan, Series 2020

On October 20, 2020, the District issued the Taxable (Convertible to Tax-Exempt) Limited Tax (Convertible to Unlimited Tax) General Obligation Loan, Series 2020 (“Series 2020 Loan”) in the amount of \$7,660,000. The Series 2020 Loan was issued for the purpose of refunding the Series 2016A and Series 2016B Bonds and funding the Surplus Fund in the amount of \$785. Prior to the Conversion Date which is expected to occur on approximately September 17, 2021 (as defined in the Loan Agreement for the Series 2020 Loan or the “Loan Agreement”) the Series 2020 Loan bears interest at the rate of 3.50% and after the Conversion Date at a rate of 2.80% through December 1, 2040, at which time the Series 2020 Loan shall bear interest at either the Tax-Exempt Floating Rate (as defined in the Loan Agreement) or Taxable Floating Rate (as defined in the Loan Agreement). Interest is payable semiannually on each June 1 and December 1, commencing on December 1, 2020. The Series 2020 Loan is secured by Pledged Revenues including the Required Mill Levy (as defined in the Loan Agreement), specific ownership taxes attributable to the Required Mill Levy and any other legally available moneys which the District determines, in its absolute discretion, to apply as Pledged Revenue. The Series 2020 Loan is also secured by a Surplus Fund in the maximum amount of \$785 until the Unlimited Tax Receipt Date. As of December 31, 2020, the District had \$785 deposited in the Surplus Fund.

TABLE MOUNTAIN METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

The Series 2020 Loan is subject to principal payments commencing on December 1, 2021. The Series 2020 Loan may be prepaid on October 21, 2020 and on any Payment Date thereafter with a redemption premium as follows:

3% of the amount prepaid from October 21, 2020 through December 1, 2025  
Redemptions on and after December 2, 2025 are at par

\$6,345,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2016A and \$1,139,000 Subordinate Limited Tax General Obligation Bonds, Series 2016B

On March 10, 2016, the District issued \$6,345,000 of Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2016A (“Series 2016A Bonds”) and \$1,139,000 of Subordinate Limited Tax General Obligation Bonds, Series 2016B (“Series 2016B Bonds”), dated March 10, 2016. The 2016A and 2016B Bonds were issued for the purpose of reimbursing CalAtlantic Group, Inc. (the “Developer”) for the cost of public improvement benefiting the property within the District and funding public infrastructure to support the Inclusion Property, funding capitalized interest on the Bonds, funding the Senior Reserve Fund, and paying the costs of issuing the Bonds. The Series 2016A Bonds bear interest at the rate of 5.25%, payable semiannually on each June 1 and December 1, commencing on June 1, 2016, and mature on December 1, 2045. The Series 2016B Bonds bear interest at the rate of 7.75%, payable annually on December 15, commencing on December 15, 2016, to the extent that Pledged Revenue is available, and mature on December 15, 2045. The Series 2016A and Series 2016B Bonds were refunded by the Series 2020 Loan.

The proceeds of the 2016A and 2016B Bonds were used to repay the Developer a portion of the funds advanced under the Advance, Acquisition and Reimbursement Agreement (see Note 5).

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020 Loan, assuming a 3.5% interest rate thru 9/17/2021, 2.8% thru 12/1/2040 and 6% thereafter:

	Principal	Interest	Total
2021	\$ 135,000	\$ 257,078	\$ 392,078
2022	190,000	210,700	400,700
2023	195,000	205,380	400,380
2024	210,000	199,920	409,920
2025	215,000	194,040	409,040
2026-2030	1,240,000	873,460	2,113,460
2031-2035	1,530,000	684,320	2,214,320
2036-2040	1,885,000	450,940	2,335,940
2041-2045	2,060,000	387,900	2,447,900
	<u>\$ 7,660,000</u>	<u>\$ 3,463,738</u>	<u>\$ 11,123,738</u>

TABLE MOUNTAIN METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

The following is an analysis of changes in long-term debt for the year ending December 31, 2020:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
<i>General Obligation Bonds</i>					
GO Bonds - Series 2016A	\$ 6,300,000	\$ -	\$ 6,300,000	\$ -	\$ -
GO Bonds - Series 2016B - Subordinate Bonds	<u>1,139,000</u>	<u>-</u>	<u>1,139,000</u>	<u>-</u>	<u>-</u>
Total	7,439,000	-	7,439,000	-	-
<i>Direct Borrowings</i>					
GO Loan, Series 2020	<u>-</u>	<u>7,660,000</u>	<u>-</u>	<u>7,660,000</u>	<u>135,000</u>
Total	-	7,660,000	-	7,660,000	135,000
<i>Other</i>					
Developer advance	394,656	6,489	-	401,145	-
Accrued Interest on Developer advance	<u>72,700</u>	<u>27,736</u>	<u>-</u>	<u>100,436</u>	<u>-</u>
Total	467,356	34,225	-	501,581	-
	<u>\$ 7,906,356</u>	<u>\$ 7,694,225</u>	<u>\$ 7,439,000</u>	<u>\$ 8,161,581</u>	<u>\$ 135,000</u>

Debt Authorization

As of December 31, 2020, the District had remaining voted debt authorization of approximately \$40,516,000. The District has not budgeted to issue any new debt during 2021. Per the District's Service Plan, the District can not issue debt in excess of \$8,000,000.

Note 5: Other Agreements

Advance, Acquisition and Reimbursement Agreement

On June 1, 2014, the District and the Developer entered into an Advance, Acquisition and Reimbursement Agreement pursuant to which the Developer has agreed to construct and equip certain public improvements on behalf of the District and the District has agreed to reimburse the Developer for the cost of such improvements. The proceeds of the 2016 bonds were used to repay the Developer a portion of the funds advanced under this Agreement. Amounts advanced under this agreement accrue interest at the rate of 7.00% per annum. At December 31, 2020, the amount outstanding under this agreement is \$501,581 including principal of \$401,145 and accrued interest of \$100,436

Note 6: Related Party

During 2020, some of the Board of Directors were employees, owners or are otherwise associated with the Developer and may have had conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

## TABLE MOUNTAIN METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

Note 7: Tax, Spending and Debt Limitations

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

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

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

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

Note 8: Risk Management

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

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

TABLE MOUNTAIN METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond/loan proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

## SUPPLEMENTAL INFORMATION

**TABLE MOUNTAIN METROPOLITAN DISTRICT**

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

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 594,170	\$ 594,170	\$ 594,088	\$ (82)
Specific ownership taxes	59,417	36,000	44,408	8,408
Interest income	<u>15,000</u>	<u>16,000</u>	<u>5,889</u>	<u>(10,111)</u>
Total Revenues	<u>668,587</u>	<u>646,170</u>	<u>644,385</u>	<u>(1,785)</u>
EXPENDITURES				
Bond principal	70,000	-	-	-
Bond interest expense	330,750	165,375	165,375	-
Loan interest expense	-	30,042	29,789	253
Issuance costs	-	286,487	143,300	143,187
Trustee fees	5,500	5,500	5,500	-
Treasurer's fees	<u>8,913</u>	<u>6,879</u>	<u>8,911</u>	<u>(2,032)</u>
Total Expenditures	<u>415,163</u>	<u>494,283</u>	<u>352,875</u>	<u>141,408</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	253,424	151,887	291,510	139,623
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	7,725,000	7,660,000	(65,000)
Payment to refunding agent	<u>-</u>	<u>(8,715,930)</u>	<u>(8,715,919)</u>	<u>11</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(990,930)</u>	<u>(1,055,919)</u>	<u>(64,989)</u>
NET CHANGE IN FUND BALANCE	253,424	(839,043)	(764,409)	74,634
FUND BALANCE:				
BEGINNING OF YEAR	<u>834,639</u>	<u>839,043</u>	<u>839,043</u>	<u>-</u>
END OF YEAR	<u>\$ 1,088,063</u>	<u>\$ -</u>	<u>\$ 74,634</u>	<u>\$ 74,634</u>

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

**TABLE MOUNTAIN METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2020

	Original & <u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ 100	\$ 14	\$ (86)
Total Revenues	<u>100</u>	<u>14</u>	<u>(86)</u>
EXPENDITURES			
Capital improvements	<u>12,242</u>	<u>-</u>	<u>12,242</u>
Total Expenditures	<u>12,242</u>	<u>-</u>	<u>12,242</u>
NET CHANGE IN FUND BALANCE	(12,142)	14	12,156
FUND BALANCE:			
BEGINNING OF YEAR	<u>12,142</u>	<u>12,086</u>	<u>(56)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 12,100</u>	<u>\$ 12,100</u>

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

**TABLE MOUNTAIN METROPOLITAN DISTRICT**

SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED

December 31, 2020

(Unaudited)

<u>Year Ended</u> <u>December 31,</u>	<b>Prior</b> <b>Year Assessed</b> <b>Valuation</b> <b>for Current</b> <b>Year Property</b> <b>Tax Levy</b>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2014	\$ 181,369	0.000	0.000	\$ -	\$ -	
2015	\$ 1,115,280	10.000	50.000	\$ 66,917	\$ 66,917	100.00%
2016	\$ 3,465,503	10.000	50.000	\$ 207,930	\$ 207,931	100.00%
2017	\$ 4,979,634	10.000	50.000	\$ 298,778	\$ 298,465	99.90%
2018	\$ 7,036,794	11.005	55.028	\$ 464,661	\$ 463,412	99.73%
2019	\$ 8,333,861	11.005	55.028	\$ 550,310	\$ 550,034	99.95%
2020	\$ 10,688,620	11.117	55.589	\$ 712,995	\$ 712,897	99.99%
Estimated for year ending December 31, 2021	\$ 10,722,594	18.000	37.000	\$ 589,743		

**NOTE**

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