

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

| | |
|--------------------|----------------------------------------|
| NAME OF GOVERNMENT | Fallbrook Villas Metropolitan District |
| ADDRESS | c/o Teleos Management Group |
| | 191 University Blvd, Suite 358 |
| | Denver, CO 8206 |
| CONTACT PERSON | Angela Elliott |
| PHONE | 303-818-9365 |
| EMAIL | Angela@teleos-services.com |
| FAX | |

For the Year Ended
12/31/16
or fiscal year ended:

1322.00

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

| | |
|--------------------------------------------|--------------------------------------------------------|
| NAME: | Diane Wheeler |
| TITLE | District Accountant |
| FIRM NAME (if applicable) | Simmons & Wheeler, P.C. |
| ADDRESS | 304 Inverness Way South, Suite 490, Englewood CO 80112 |
| PHONE | 303-689-0833 |
| DATE PREPARED | |
| (Must be prepared prior to Board approval) | 2/8/2017 |

PREPARER (SIGNATURE REQUIRED)

| | | |
|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| | | |
| Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types | GOVERNMENTAL (MODIFIED ACCRUAL BASIS) | PROPRIETARY (CASH OR BUDGETARY BASIS) |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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By Justin L. Smith at 1:50 pm, Mar 16, 2017

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

| Line# | Description | Round to nearest Dollar | Please use this space to provide any necessary explanations |
|-------|----------------------------------------------------------|-------------------------|-------------------------------------------------------------|
| 2-1 | Property | \$ - | |
| 2-2 | Specific ownership | \$ - | |
| 2-3 | Sales and use | \$ - | |
| 2-4 | Other (specify): | \$ - | |
| 2-5 | Licenses and permits | \$ - | |
| 2-6 | Intergovernmental Grants | \$ - | |
| 2-7 | Conservation Trust Funds (Lottery) | \$ - | |
| 2-8 | Highway Users Tax Funds (HUTF) | \$ - | |
| 2-9 | Other (specify): | \$ - | |
| 2-10 | Charges for services | \$ - | |
| 2-11 | Fines and forfeits | \$ - | |
| 2-12 | Special assessments | \$ - | |
| 2-13 | Investment income | \$ - | |
| 2-14 | Charges for utility services | \$ - | |
| 2-15 | Debt proceeds (should agree with line 4-4, column 2) | \$ - | |
| 2-16 | Lease proceeds | \$ - | |
| 2-17 | Developer Advances received (should agree with line 4-4) | \$ 12,988 | |
| 2-18 | Proceeds from sale of capital assets | \$ - | |
| 2-19 | Fire and police pension | \$ - | |
| 2-20 | Donations | \$ - | |
| 2-21 | Other (specify): | \$ - | |
| 2-22 | Developer advances not yet received | \$ 11,312 | |
| 2-23 | | \$ - | |
| 2-24 | (add lines 2-1 through 2-23) TOTAL REVENUE | \$ 24,300 | |

PART 3 - EXPENDITURES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

| Line# | Description | Round to nearest Dollar | Please use this space to provide any necessary explanations |
|-------|-------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------|
| 3-1 | Administrative | \$ 37 | |
| 3-2 | Salaries | \$ - | |
| 3-3 | Payroll taxes | \$ - | |
| 3-4 | Contract services | \$ 3,500 | |
| 3-5 | Employee benefits | \$ - | |
| 3-6 | Insurance | \$ 2,052 | |
| 3-7 | Accounting and legal fees | \$ 12,754 | |
| 3-8 | Repair and maintenance | \$ - | |
| 3-9 | Supplies | \$ - | |
| 3-10 | Utilities and telephone | \$ - | |
| 3-11 | Fire/Police | \$ - | |
| 3-12 | Streets and highways | \$ - | |
| 3-13 | Public health | \$ - | |
| 3-14 | Culture and recreation | \$ - | |
| 3-15 | Utility operations | \$ - | |
| 3-16 | Capital outlay | \$ - | |
| 3-17 | Debt service principal (should agree with Part 4) | \$ - | |
| 3-18 | Debt service interest | \$ - | |
| 3-19 | Repayment of Developer Advance Principal (should agree with line 4-4) | \$ - | |
| 3-20 | Repayment of Developer Advance Interest | \$ - | |
| 3-21 | Contribution to pension plan (should agree to line 7-2) | \$ - | |
| 3-22 | Contribution to Fire & Police Pension Assoc. (should agree to line 7-2) | \$ - | |
| 3-23 | Other (specify): | \$ - | |
| 3-24 | | \$ - | |
| 3-25 | | \$ - | |
| 3-26 | (add lines 3-1 through 3-24) TOTAL EXPENDITURES | \$ 18,343 | |

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - **LONG FORM**".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

| | | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|-------------------------|
| 4-1 | Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| 4-2 | Is the debt repayment schedule attached? If no, MUST explain: Developer advance paid with cash flow | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 4-3 | Is the entity current in its debt service payments? If no, MUST explain: | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| 4-4 | Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers) | | | |
| | Outstanding at end of prior year | Issued during year | Retired during year | Outstanding at year-end |
| | General obligation bonds | \$ - | \$ - | \$ - |
| | Revenue bonds | \$ - | \$ - | \$ - |
| | Notes/Loans | \$ - | \$ - | \$ - |
| | Leases | \$ - | \$ - | \$ - |
| | Developer Advances | \$ - | \$ 12,988 | \$ 12,988 |
| | Other (specify): Interest on developer advance | \$ - | \$ 488 | \$ 488 |
| | TOTAL | \$ - | \$ 13,476 | \$ 13,476 |
| Please answer the following questions by marking the appropriate boxes. | | | | |
| 4-5 | Does the entity have any authorized, but unissued, debt? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| If yes: | How much? | \$ 45,000,000.00 | | |
| | Date the debt was authorized: | 11/2015 | | |
| 4-6 | Does the entity intend to issue debt within the next calendar year? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| If yes: | How much? | \$ 7,500,000.00 | | |
| 4-7 | Does the entity have debt that has been refinanced that it is still responsible for? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| If yes: | What is the amount outstanding? | \$ - | | |
| 4-8 | Does the entity have any lease agreements? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| If yes: | What is being leased? | | | |
| | What is the original date of the lease? | | | |
| | Number of years of lease? | | | |
| | Is the lease subject to annual appropriation? | <input type="checkbox"/> | <input type="checkbox"/> | |
| | What are the annual lease payments? | \$ - | | |
| 4-9 | Does the entity have a certified Mill Levy? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| If yes: | Please provide the following mills levied for the year reported: | | | |
| | Bond Redemption | | - | |
| | General/Other | | - | |
| | TOTAL | | - | |
| Please use this space to provide any explanations or comments: | | | | |

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

| | | Amount | Total |
|-----|-----------------------------------------------------------------------------------|--------|---------------|
| 5-1 | YEAR-END Total of ALL Checking and Savings Accounts | \$ 101 | |
| 5-2 | Certificates of deposit | \$ - | |
| | Total Cash Deposits | | \$ 101 |
| | Investments (if investment is a mutual fund, please list underlying investments): | | |
| 5-3 | | \$ - | |
| | | \$ - | |
| | | \$ - | |
| | | \$ - | |
| | Total Investments | | \$ - |
| | Total Cash and Investments | | \$ 101 |

Please answer the following questions by marking in the appropriate boxes

| | | Yes | No | N/A |
|-----|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|-------------------------------------|
| 5-4 | Are the entity's Investments legal in accordance with Section 24-75-601, et seq., C.R.S.? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5-5 | Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

| | | Yes | No |
|-----|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------|
| 6-1 | Does the entity have capital assets? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6-2 | Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, MUST explain: | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | N/A | | |
| 6-3 | Complete the following capital assets table: | | |
| | | Balance - beginning of the year | Additions (Must be included in Part 3) |
| | | Deletions | Year-End Balance |
| | Land | \$ - | \$ - |
| | Buildings | \$ - | \$ - |
| | Machinery and equipment | \$ - | \$ - |
| | Furniture and fixtures | \$ - | \$ - |
| | Construction in Progress (CIP) | \$ - | \$ - |
| | Other (explain): | \$ - | \$ - |
| | Accumulated Depreciation (Please enter a negative, or credit, balance) | \$ - | \$ - |
| | TOTAL | \$ - | \$ - |

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

| | | Yes | No |
|---------|-----------------------------------------------------------------------------------|--------------------------|-------------------------------------|
| 7-1 | Does the entity have an "old hire" firemen's pension plan? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7-2 | Does the entity have a volunteer firemen's pension plan? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes: | Who administers the plan? | | |
| | Indicate the contributions from: | | |
| | Tax (property, SO, sales, etc.): | \$ - | |
| | State contribution amount: | \$ - | |
| | Other (gifts, donations, etc.): | \$ - | |
| | TOTAL | \$ - | |
| | What is the monthly benefit paid for 20 years of service per retiree as of Jan 1? | \$ - | |

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

| | | Yes | No | N/A |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|--------------------------|
| 8-1 | Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? If no, MUST explain: | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8-2 | Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes: | Please indicate the amount appropriated for each fund for the year reported: | | | |
| | Fund Name | Budgeted Expenditures | | |
| | General Fund | \$ 259,200 | | |
| | Capital Projects Fund | \$ 7,500,000 | | |
| | Debt Service Fund | \$ 530,000 | | |

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

| | | Yes | No |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|
| 9-1 | Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <small>Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.</small> | | |

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

| | | Yes | No |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| 10-1 | Is this application for a newly formed governmental entity? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| If yes: | Date of formation: | | |
| 10-2 | Has the entity changed its name in the past or current year? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes: | Please list the NEW name & PRIOR name: | | |
| 10-3 | Is the entity a metropolitan district? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Please indicate what services the entity provides: | | |
| | Streets, traffic control, water, sewer, park and recreation | | |
| 10-4 | Does the entity have an agreement with another government to provide services? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes: | List the name of the other governmental entity and the services provided: | | |
| 10-5 | Has the district filed a <i>Title 32, Article 1 Special District Notice of Inactive Status</i> during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.] | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes: | Date Filed: | | |

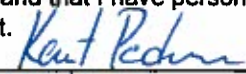


Please use this space to provide any explanations or comments:

PART 11 - GOVERNING BODY APPROVAL

Below is the certification and approval of the governing board. By signing the board member is certifying they are a duly elected or appointed officer of the local government. Governing board members may be verified. Also by signing, the board member certifies that this Application for Exemption from Audit has been prepared consistent with Section 29-1-604, C.R.S., which states that a governmental agency with revenue and expenditures of \$100,000 or less must have an application prepared by a person skilled in governmental accounting; completed to the best of their knowledge and is accurate and true. Use additional pages if needed.

Print the names of ALL current governing board members below.

A MAJORITY of the governing board members must complete and sign in the column below.

| | | |
|-----------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board Member 1 | <p>Print Board Member's Name</p> <p style="text-align: center;">Kent Pedersen</p> | <p>I <u>Kent Pedersen</u>, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed <u></u></p> <p>Date: <u>2/9/2017</u></p> <p>My term Expires: <u>May 2018</u></p> |
| Board Member 2 | <p>Print Board Member's Name</p> <p style="text-align: center;">Daniel Nickless</p> | <p>I <u>Daniel Nickless</u>, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed <u></u></p> <p>Date: <u>2/9/2017</u></p> <p>My term Expires: <u>May 2018</u></p> |
| Board Member 3 | <p>Print Board Member's Name</p> <p style="text-align: center;">Sam Gompers</p> | <p>I <u>Sam Gompers</u>, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed _____</p> <p>Date: _____</p> <p>My term Expires: <u>May 2020</u></p> |
| Board Member 4 | <p>Print Board Member's Name</p> <p style="text-align: center;">Jennifer Waiton</p> | <p>I <u>Jennifer Waiton</u>, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed _____</p> <p>Date: _____</p> <p>My term Expires: <u>May 2018</u></p> |
| Board Member 5 | <p>Print Board Member's Name</p> <p style="text-align: center;">Michael Newman</p> | <p>I <u>Michael Newman</u>, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed <u></u></p> <p>Date: <u>2/9/2017</u></p> <p>My term Expires: <u>May 2020</u></p> |
| Board Member 6 | <p>Print Board Member's Name</p> | <p>I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed _____</p> <p>Date: _____</p> <p>My term Expires: _____</p> |
| Board Member 7 | <p>Print Board Member's Name</p> | <p>I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed _____</p> <p>Date: _____</p> <p>My term Expires: _____</p> |

**Original Signatures
Verified by**

Justin L. Smith

