

INSPIRATION METROPOLITAN DISTRICT

2017 ANNUAL REPORT TO THE CITY OF AURORA

Pursuant to the Amended and Restated Consolidated Service Plan for Rockinghorse Metropolitan District No. 2, now known as Inspiration Metropolitan District (the “**District**”) the District is responsible for submitting an annual report to the City of Aurora (the “**City**”). The report is to include information concerning matters which occurred during the prior fiscal year.

To the best of our actual knowledge, for the year ending December 31, 2017, the District makes the following report:

- A. Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year.

There were no boundary changes made to the District in 2017.

- B. Intergovernmental Agreements with other governmental entities entered into or Proposed as of December 31 of the prior year.

See attached **Exhibit A** for a complete list of all intergovernmental agreements.

- C. Copies of the District’s rules and regulations, as of December 31 of the prior year.

The District adopted Rules and Regulations Governing the Recreation Amenities on November 13, 2017, which are attached hereto as **Exhibit B**.

- D. A summary of any litigation which involves the District’s Public Improvements as of December 31 of the prior year.

To our actual knowledge, based on review of the court records in Douglas County, there is no litigation involving the District as of December 31, 2017.

- E. Status of the District’s construction of the Public Improvements as of December 31 of prior year.

The District did not construct any Public Improvements during 2017.

- F. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City of as December 31 of the prior year.

The District did not construct any Public Improvements during 2017.

- G. The assessed valuation of the District for the current year.

The District's assessed valuation for 2017 is attached hereto as **Exhibit C**.

- H. Current year budget including a description of the Public Improvements to be constructed in such year.

The 2018 budget for the District is attached as **Exhibit D**. No improvements are intended to be constructed by the District this year.

- I. Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The 2016 audit for the District is attached hereto as **Exhibit E**. The 2017 audit is currently unavailable and will be submitted with the 2018 Annual Report.

- J. Notice of any uncured events of default by the District which continue beyond a ninety (90) day period, under any Debt instrument.

There were no uncured events of default by the District which continued beyond a ninety (90) day period under any Debt instrument.

- K. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

None.

EXHIBIT A

Intergovernmental Agreements

1. INTERGOVERNMENTAL AGREEMENT entered into and dated as of December 21, 2004, by and between the City of Aurora and Rockinghorse Metropolitan District Nos. 1 and 2. Purpose: Provides for the uniform operation of special districts within the boundaries of the City of Aurora. Term: Indefinite.
2. DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT entered into and dated as of June 1, 2005, by and between Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2. Purpose: Provides for the operation, maintenance, construction and funding of improvements with in the Districts and the administration of the daily affairs of the Districts. Term: Indefinite.
3. AURORA REGIONAL IMPROVEMENT AUTHORITY NO. 1 ESTABLISHMENT AGREEMENT between the City of Aurora and Rockinghorse Metropolitan District Nos. 1 and 2 entered into and dated as of August 28, 2006. Purpose: Establishes the Aurora Regional Improvement Authority (“ARI”) organized for implementing the ARI Master Plans. Term: Indefinite.
4. WATER TRANSMISSION REIMBURSEMENT AGREEMENT dated August 25, 2008 by and among Rockinghorse Metropolitan District No. 1 and the CITY OF AURORA. Purpose: Reimburse district for capital outlays. Term: 20 years from the date of the agreement.
5. PROJECT COMMITTEE AGREEMENT between Adonea Metropolitan District No. 2, Cross Creek Metropolitan District No. 2, and Rockinghorse Metropolitan District No. 1 entered into and dated as of November 9, 2011. Purpose: to develop and coordinate plans, present and future, for the Regional Improvements and to develop strategies to promote the public welfare. Term indefinite.
6. TERMINATION AGREEMENT AS TO DISTRICT FACILITIES CONTRUCTION AND SERVICES AGREEMENT between Rockinghorse Metropolitan District Nos. 1 and 2 entered into and dated as of January 6, 2014.

EXHIBIT B

Rules and Regulations

**RESOLUTION
OF THE BOARD OF DIRECTORS OF
INSPIRATION METROPOLITAN DISTRICT**

**ADOPTING THE RULES AND REGULATIONS GOVERNING THE
RECREATION AMENITIES**

WHEREAS, Inspiration Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized pursuant to Article 1, Title 32, Colorado Revised Statutes; and

WHEREAS, the District was organized for the purpose of providing certain improvements, facilities and services to and for the use and benefit of the District, its residents, users, property owners and the public; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the Board of Directors of the District (the “**Board**”) has the power to adopt, amend, and enforce bylaws and rules and regulations for the purpose of carrying on the business, objects, and affairs of the Board and the District; and

WHEREAS, the Board previously adopted Rules and Regulations Governing The Recreation Amenities of Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2 on July 17, 2009 (the “**Previous Rules and Regulations**”); and

WHEREAS, since that time, Rockinghorse Metropolitan District No. 1 has become an inactive district; Rockinghorse Metropolitan District No. 2 changed its name to Inspiration Metropolitan District; and the District has acquired additional recreation amenities, including a pool and clubhouse; and

WHEREAS, the Board desires to adopt the Rules and Regulations Governing The Recreation Amenities for the District, which are attached hereto as Exhibit A, and which shall supersede the Previous Rules and Regulations.

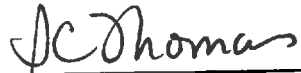
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

1. **Rules and Regulations for Recreational Amenities.** The District hereby adopts the Rules and Regulations for Recreation Amenities, attached hereto as Exhibit A, as may be amended from time to time. Such Rules and Regulations supersede the Previous Rules and Regulations adopted by the District on July 17, 2009.

2. **Effective Date.** The provisions of this Resolution and the Rules and Regulations shall take effect on November 13, 2017.

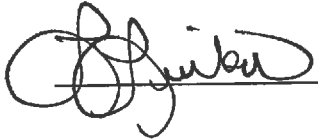
ADOPTED THIS 13th DAY OF NOVEMBER, 2017.

INSPIRATION METROPOLITAN DISTRICT



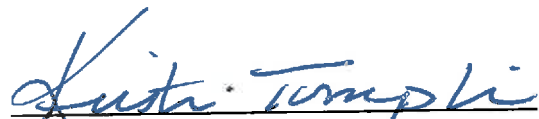
Officer of the District

ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

Exhibit A

**RULES AND REGULATIONS GOVERNING THE
RECREATION AMENITIES
OF
INSPIRATION METROPOLITAN DISTRICT
(f/k/a ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)**

**RULES AND REGULATIONS GOVERNING THE
RECREATION AMENITIES
OF
INSPIRATION METROPOLITAN DISTRICT
(f/k/a ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)**

(Adopted: November 13, 2017)

Preamble

The Board of Directors of Inspiration Metropolitan District (the “**District**”) has adopted the following Rules and Regulations Governing the Recreation Amenities pursuant to § 32-1-1001(1)(m), C.R.S., by resolution dated November 13, 2017, (“**Rules and Regulations**”) to provide for the orderly and efficient conduct of construction, management, operation and control of the public facilities and services of the District. The District, pursuant to the provisions of its Service Plan, has constructed or will construct certain recreation amenities including tennis courts, basketball courts, multi-sport & in-line hockey court, parks, playground equipment, soccer field, landscaped common areas, clubhouse, pavilions, fireplaces and pool (collectively, the “**Recreation Amenities**”).

All references herein to “**District Manager**” shall refer to an independent contractor engaged by the District to perform such services, with and to the extent authorized by the District, by contract or other valid allocation of authority.

Article I

ACCESS TO AND USE OF THE RECREATION AMENITIES

1.1 Persons within the District’s Boundaries. All residents and owners of property within the legal boundaries of the District, as adjusted from time to time (“**District Residents and Property Owners**”), shall be entitled to use the Recreation Amenities as permitted. Use of the Recreation Amenities by District Residents and Property Owners is subject to timely payment of all of the District’s fees, charges and taxes.

1.2 Persons Outside of the District’s Boundaries. All persons not residing or owning property within the legal boundaries of the District, as such boundaries may be adjusted from time to time via the inclusion and/or exclusion of property (“**Non-Residents**”), shall be entitled to use the Recreation Amenities as permitted herein. Charges for use of the Recreation Amenities by Non-Residents shall equal, at a minimum, the estimated annual mill levy payments and other annual fees for which such property would be responsible if it were included in the District. All persons desiring access to the Recreation Amenities under this Section shall pay in full all applicable annual charges and fees, as determined by the District’s Board of Directors, in its sole discretion, from time to time, prior to being allowed access to the Recreation Amenities for the year in question. The District retains the right to limit access to the Recreation Amenities to Non-Residents based upon the safe and reasonable capacity of the Recreation Amenities, as determined by the District’s Board of Directors in its discretion. Use of the Recreation Amenities by Non-Residents shall be allowed on a

first-come, first-serve basis in the event of any such limitations.

1.3 Use of the Recreation Amenities. All persons entitled to use the Recreation Amenities under this Article 1 (“**Users**”) shall be required to complete the Property Owner Form and Property Owner Waiver and Consent Form attached as **Exhibit A**, and to submit the same to the District Manager. Users must submit an updated Property Owner Form to the District Manager when any of the User’s information on the Property Owner Form changes. All other persons over the age of 18 desiring to use the Recreation Amenities (including, but not necessarily limited to, adult children, tenants/renters, regularly employed caregivers, grandparents, grandchildren, and others residing at an in-District property address) (“**Additional Authorized Users**”) must be listed on the Property Owner Form of a District Resident or Property Owner as an Additional Authorized User, and further shall be required to complete the Additional Authorized User Form and Additional Authorized User Waiver and Consent Form in substantially the form attached hereto as **Exhibit B**, as amended from time to time, for submission to the District Manager. An updated Additional Authorized User Form must be submitted to the District Manager if any information on a previously submitted form changes. The Property Owner Waiver and Consent Form or Authorized Additional User Waiver and Consent Form must be signed by all Users over the age of 18, individually, and by parents or legal guardians on behalf of all individuals under the age of 18. Requests for pool keys shall be submitted by all users on the Pool Key Request Form in substantially the form attached hereto as **Exhibit C**. Upon adequate completion of all required forms, Users shall be issued pool keys by the District Manager. Users may be requested, at any time, to demonstrate their eligibility to use the Recreation Amenities, and may be required to present their pool key to the District Manager. Any User who refuses, upon request to present their pool key may have their Recreation Amenities privileges revoked and subjected to further review by the District. The District Manager will charge a reasonable fee for pool keys. Lost pool keys must be reported immediately to the District Manager, and replacement pool keys will also be subject to a replacement fee.

All pool keys issued by the District Manager are the sole property of the District and may not legally be assigned, sold, loaned or otherwise transferred without the prior written authorization of the District Manager. Any transfer without the District Manager’s approval shall be void and the District shall retain the right to suspend or revoke any User’s privileges to the Recreation Amenities for such violation. If at any time, a District Resident or Property Owner moves outside of District boundaries or ceases to own property therein, s/he shall promptly notify the District Manager. Any such person may continue to use the Recreation Amenities as a Non-District Resident or Property Owner by complying with Section 1.3 of these Rules and Regulations.

1.4 Children. No children under the age of 14 may use the tennis courts unless accompanied by a parent, legal guardian or other adult over the age of 18, as authorized by the parent or guardian.

1.5 Limitation on Number of Guests Per User. The District reserves the right, in its sole discretion, to implement policies to limit the number of guests per User. All Users shall be responsible for their guests’ actions, and shall be jointly and severally liable with such guest for any damages caused by such guest to the Recreation Amenities and/or any violations of these Rules and Regulations and/or injuries caused by such guest whether negligent, accidental or intentional.

1.6 Rental of Recreational Amenities. The District may, from time to time and within its sole discretion, rent the Recreation Amenities for private use to Users. Those persons renting the facilities are not subject to the limitation on the number of guests allowed per user. The rental amount shall be determined by the District.

1.7 Hours of Operation. The Recreation Amenities facilities shall have the following hours and dates of operation:

Parks shall be open year round as follows: 6:00 a.m. to 11:00 p.m.

Pool shall be open from Memorial Day to September 30th as follows: from sunrise to sunset, subject to change without notice.

The Recreation Amenities' hours of operation shall be subject to seasonal adjustments or changes deemed necessary and appropriate by the Board of Directors in its discretion. Users may contact the District Manager to obtain up-to-date information relating to the hours of operation for any of the Recreation Amenities. Additionally, the District reserves the right to close any Recreation Amenity due to weather conditions, preparation for major events, temporary staffing problems or other reasons. Any such required closing will not result in any adjustments to User fees.

Article II

TENNIS COURTS

2.1 Use of the Tennis Courts. Tennis courts are available for reservation by Users. When not reserved they are available on a first-come, first-served basis. Use of the courts is limited to one hour.

2.2 Equipment. Proper and appropriate attire should be worn by all Users and their guests when utilizing the tennis court facilities. Users shall not adjust nets or any equipment but shall notify the District Manager if any such adjustments are necessary.

2.3 Skateboards, Skates or Bikes. The tennis courts shall only be used for playing tennis or other authorized uses as determined by the District in its sole discretion. No skateboards, in-line skates or other types of skates, bikes or other unauthorized uses shall be tolerated.

2.4 Children. Children under the age of 18 years old shall be permitted use of the tennis courts pursuant to Section 2.1 hereof.

Article III

LANDSCAPED COMMON AREAS

3.1 Park and Picnic Areas. The open green areas (“**Common Areas**”) are intended

for general play, recreational use, and picnics. Users shall report all broken or damaged equipment to the District Manager, as well as any other items, such as broken glass, which could be hazardous or harmful to persons utilizing these areas. No motorized bikes or vehicles are allowed in the park areas or on the bike or trail paths. Littering and practicing golf are also prohibited. Horses are not allowed on the turf or near shelters.

3.2 Neighborhood Activity Centers. Several neighborhood activity centers (“**Activity Centers**”) will exist within the community containing playground equipment intended for general use by the District’s residents and property owners.

3.3 Use of Common Areas and Activity Centers. Common Areas and Activity Centers including shelters and playing fields are available for reservation by Users. When not reserved they are available on a first-come, first-served basis.

Article IV

SWIMMING POOL

4.1 Pool Rules. Pool rules are posted in the swimming area and may be obtained directly from the District Manager. A list of pool rules and regulations is attached as **Exhibit D**.

4.2 Pool Attendant. The District shall contract with a pool consultant on an annual basis which shall be responsible for all aspects of operations and maintenance of the pool and pool area.

4.3 Lifeguards. The District, in its sole discretion, may provide lifeguards. Users acknowledge they utilize the pool facilities at their own risk. All Users must have a completed a Property Owner Waiver and Consent Form or Authorized Additional User Waiver and Consent Form on file with the District Manager.

4.4 Flotation Devices. No swimmers dependent upon any flotation device shall be permitted in the pool unless accompanied (in the water) and directly supervised by a responsible person.

4.5 Use of the Pool by Children. Children under the age of 7 using the pool shall at all times be directly supervised by a parent, legal guardian, other adult over the age of 18, or by a minor aged 16-17 for whom a Minor Release Form is on file with the District (and on which the minor’s parents have expressly authorized the minor to supervise other minors), as authorized by the parent or legal guardian. Any person not able to control his or her bodily functions must wear swim diapers beneath his or her bathing suit. No plastic, disposable or cloth diapers are permitted.

4.6 Children. No one 13 years of age and younger is allowed in the pool area unless accompanied by an adult over 18 years of age, or a minor aged 16-17 for whom a Minor Release Form is on file with the District (and on which the minor’s parents have expressly authorized the minor to supervise other minors). Children ages 14-17 may swim unsupervised

if expressly authorized on a Minor Release Form. All minors will need to have a valid pool key. If approved minors will be bringing guests that are between the ages of 14-17 without adult supervision, those minor guests also must have a Minor Release Form on file with the District before access will be granted to the pool. The Minor Release Form shall be submitted to the District Manager in substantially the form attached hereto as **Exhibit E**, as may be amended from time to time, prior to any use of the pool by children, as provided for in this Section.

An adult or a minor aged 16-17 for whom a Minor Release Form is on file with the District (and on which the minor's parents have expressly authorized the minor to supervise other minors) must be in the pool and within reach of all children of non-swimming ability aged 9 and under. Adult chaperones or minors aged 16-17 for whom a Minor Release Form is on file with the District (and on which the minor's parents have expressly authorized the minor to supervise other minors) are required to be in the pool area to supervise children aged 10-13, but are not required to be in the water if the children can swim.

Article V

ENFORCEMENT

5.1 Disorderly or Offensive Conduct. The District and its authorized representatives may request any User to cease conduct that is:

- In violation of any of the District's Rules and Regulations or Policies and Procedures.
- Interferes with, or is abusive, toward any of the District's representative(s) in the normal operation of the facility.
- Interferes with any resident or resident's guest, or other persons' use or enjoyment of the facilities, or is abusive to any such person.
- Harmful or damaging to the Recreational Amenities.

5.2 Remedies Available for Disorderly or Offensive Conduct. In the event that the offending party fails to cease such conduct after being requested and warned to do so, the attendant or District Manager is authorized to use any and all reasonable means he or she deems necessary to stop such conduct. This includes, but is not limited to, having the offender removed from the Recreation Amenities and barred from further privileges at the Recreation Amenities for forty-eight hours without the necessity of any action or consent of the District's Board of Directors. All such removals shall be reported to the District Manager.

5.3 Violation of Recreation Amenities Policies. If anyone is found abusing the equipment, furniture, or disobeying the Rules and Regulations or the Policies and Procedures, disciplinary measures will be administered by the District Manager as follows without the necessity of any action of the District's Board of Directors:

First offense:	Verbal warning
Second offense:	Restricted from the Recreation Amenities for one (1) month
Third offense:	Restricted from the Recreation Amenities for one (1) year. User

must apply for reinstatement. The District's Board of Directors shall determine whether the reapplication is approved.

The District's Board of Directors shall be notified of all disciplinary measures by the District Manager and shall, in its discretion, have the ability to impose other disciplinary measures they deem appropriate at any point in time, which may include revocation of Recreation Amenities privileges for a User and/or User's family members. Any violations and disciplinary measures taken will be recorded in writing and kept on file by the District Manager. All violations may be reported to local law enforcement authorities as deemed necessary by the District Manager or the District's Board of Directors, and may be subject to prosecution in accordance with Colorado Revised Statutes.

5.4 Restitution for Violation. If any User or guest of any User commits an act or omission that constitutes a violation of these Policies and Procedures ("**Violation**"), and the Violation causes the District to incur expenses, the User who commits the Violation, or who is responsible for the guest who commits the Violation, shall be liable to the District for all such expenses and shall repay the same to the District upon request. Such expenses may include, but shall not be limited to, reasonable attorneys' fees incurred as a result of the Violation, as well as reasonable costs and/or attorneys' fees incurred in obtaining and collecting a judgment against a User who commits a Violation or is responsible for a guest who commits a Violation.

Article VI

MISCELLANEOUS

6.1 Lost Articles. The District is not responsible for any lost or stolen articles or for accidents on the premises. All personal articles should be locked or secured as appropriate to avoid loss to the owner. There will be a collection spot for all lost articles designated in the Recreation Amenities. All lost articles which are not claimed may be donated to a non-profit collection agency on a monthly basis as determined at the District's sole discretion.

6.2 Limitation Of Liability Of District. Use of the Recreation Amenities is at the sole risk of any User. Except as provided by the Colorado Governmental Immunity Act, §§ 24-10-101 *et seq.*, C.R.S., the District shall not be responsible for any claims for damage by reason of any action or inaction of the District or its agents or representatives in connection with any of the Recreation Amenities.

6.3 Equipment. All equipment, supplies and other furnishings located in or around the Recreation Amenities are the property of the District and shall not be taken from the premises without prior written consent of the District Representative. Any violations may result in criminal prosecution by the District.

6.4 Smoking, Drugs and Alcohol. Smoking, tobacco and marijuana products and the use of illegal drugs shall not be permitted in or around the Recreation Amenities. Use of alcohol is permitted by adults over the age of 21 during certain special events with prior approval of the District Representative and in accordance with the requirements of these Policies. Alcohol is

prohibited in the pool area at all times.

6.5 Weapons. No weapons of any kind shall be allowed on or around the Recreation Amenities, including, but not limited to, pocket knives or guns.

6.6 Food and Drink. Food and drink are permitted in the Recreation Amenities. Glass containers are absolutely prohibited in the pool area. Users must clean up after themselves.

6.7 Pets. Generally, pets are not allowed in the Recreation Amenities, except service animals as defined by the laws of the State of Colorado. All service animals must be accompanied and must be on a leash. All Users are responsible for cleaning up after their service animal. Pets may be allowed in the Recreation Amenities for special events hosted or sponsored by the District.

EXHIBIT A
Property Owner Form and
Property Owner Waiver and Consent Form

**INSPIRATION METROPOLITAN DISTRICT
PROPERTY OWNER FORM**

Property Address: _____

Out-of-District Address: (If Applicable) _____

Owner Last Name: _____ Owner First Name: _____

Home Phone: _____ Work/Cell Phone: _____

2nd Owner Last Name: _____ 2nd Owner First Name: _____

Home Phone: _____ Work/Cell Phone: _____

E-mail Address(s) for contact purposes: _____

Emergency Contact: _____ Telephone: _____
(Not Immediate Family)

NOTE: Minors must be accompanied by a Property Owner or another Additional Authorized User unless a Minor Release Form is on file with the District Manager.

ADDITIONAL AUTHORIZED USERS:

- Includes:
- Adult Children (18+);
 - Tenants/Renters;
 - Regularly Employed Caregivers (Nannies/Babysitters);
 - Immediate Family (incl. Grandparents/Grandchildren); and/or
 - Others Residing at Your Property Address

Additional Authorized Users **DO NOT** Include Guests.
Each cardholder is allowed to be accompanied by up to five (5) guests.

ALL ADULT ADDITIONAL AUTHORIZED USERS MUST COMPLETE AN AUTHORIZED USER FORM AND BE LISTED ON THIS PROPERTY OWNER FORM IN ORDER TO ACCESS THE RECREATION AMENITIES.

Authorized User Name	Sex	Relationship
_____	M / F	_____
_____	M / F	_____
_____	M / F	_____
_____	M / F	_____
_____	M / F	_____
_____	M / F	_____
_____	M / F	_____

EACH PROPERTY OWNER MUST ALSO SIGN A WAIVER AND CONSENT FORM

**INSPIRATION METROPOLITAN DISTRICT
WAIVER AND CONSENT FORM**

**PLEASE READ CAREFULLY BEFORE SIGNING. THIS DOCUMENT INCLUDES A
RELEASE OF LIABILITY AND WAIVER OF CERTAIN LEGAL RIGHTS.**

I, on behalf of myself, my children, if any, as well as my guests, children and authorized additional users listed on my Property Owner Form (if applicable), desire to participate in activities at the pool, clubhouse, tennis courts, sports fields or use other equipment, amenities, facilities, premises or property (collectively, the "Recreation Amenities") owned or operated by the Inspiration Metropolitan District (the "District") for the benefit, use and enjoyment of the residents and property owners of the District, and recognize the possibility of physical injury and loss associated with activities, including, but not limited to, swimming and sports. I agree that I and my children will abide by all rules, regulations, and policies of the District, and release the District from all liability for property damage and bodily injury, occurring directly or indirectly, in connection with the use of the Recreation Amenities. I further acknowledge that I am authorized to use the Recreation Amenities of the District, and have completed either the Property Owner Form, on which I am listed as an owner residing within the District, or an Additional Authorized User Form. I acknowledge that if I submit an Additional Authorized User Form, I must be listed as an authorized user on a Property Owner Form submitted by an owner of property within the District.

I, as an adult participant, and for and on behalf of my participating children, if any, agree as follows:

1. to release and agree not to sue the District, its directors, employees, agents, and subcontractors with respect to any and all claims, liabilities, suits or expenses, including attorneys' fees and costs (hereinafter collectively a "Claim") for any injury, damage, death or other loss incurred by me, my children, my guests, or my authorized users, in any way connected, directly or indirectly, with participation in activities and/or use of any equipment, facilities or premises of the District by me, my children, my guests, or my authorized users. I understand I agree here to waive all Claims I or my children may have against the District and agree that neither I, my children, nor anyone acting on my or my children's behalf, will make a Claim against the District as a result of any injury, damage, death or other loss suffered by me or my children, my guests, or my authorized users; and

2. to release and to indemnify, defend, and hold harmless ("indemnify" meaning protect by reimbursement or payment) the District, its representatives, directors, employees, agents, and subcontractors with respect to any and all actions, liabilities, suits, and/or claims: (a) brought by or on behalf of me, my children or a family member, my guests, or my authorized users for any injury, damage, death or other loss in any way connected with participation in activities and/or use of the Recreation Amenities by me, my children, my guests, or my authorized users; and/or (b) brought by another user or participant or any other person for any injury, damage, death or other loss to the extent caused, directly or indirectly, by my own conduct or that of my children, my guests, and my authorized users in the course of participating in activities, and/or using the Recreation Amenities.

I further acknowledge I have reviewed and evaluated the risks and determined to use or allow my children, guests, and authorized users to use the Recreation Amenities with full knowledge and acceptance of the risks. I understand that the District do not provide insurance coverage for accidents or injury sustained by me, my children, my guests, or my authorized users. I agree that use of the Recreation Amenities and participation in activities or events at the Recreation Amenities shall be undertaken by me, my children, my guests, or my authorized users at our sole risk, and the District shall not be liable for any injuries or any damage, or be subject to any claim, demand, injury or damages whatsoever, irrespective of cause or origin.

The District shall not be responsible or liable for articles damaged, lost, or stolen, in or about the Recreation Amenities, or for loss or damages to any property including but not limited to automobiles and the contents thereof.

This Release, Waiver and Indemnity Agreement includes claim(s) resulting from the District's negligence, and includes claim(s) for personal injury or wrongful death (including claim(s) related to emergency, medical, drug and/or health issues, response, assessment or treatment), property damage, loss of consortium, breach of contract or any other claim.

I hereby attest that I have (1) carefully read, understand, and voluntarily sign this document and the above disclaimer, and acknowledge that it shall be effective and binding upon me, my minor children, spouse and other family members, and my heirs, executors, representatives, subrogors and estate; and (2) that I have received, read and understand the District's rules, regulations, policies and procedures governing the Recreation Amenities:

Print Name

Signature

Date

Print Name

Signature

Date

Print Name

Signature

Date

EXHIBIT B

Additional Authorized User Form and
Additional Authorized User Waiver and Consent Form

**INSPIRATION METROPOLITAN DISTRICT
ADDITIONAL AUTHORIZED USER FORM**

All adult Additional Authorized Users must complete this form AND be listed on a Property Owner Form of a District Resident or Property Owner AND sign a Waiver and Consent Form in order to access the Recreation Amenities.

USER INFORMATION:

Last Name: _____ First Name: _____

Home Phone: _____ Work/Cell Phone: _____

Residence Address: _____

Relationship to Property Owner: _____
(Examples: Tenant/Renter, Nanny, Grandparent/Grandchildren)

E-mail Address(s) for contact purposes: _____

Last Name: _____ First Name: _____

Home Phone: _____ Work/Cell Phone: _____

Residence Address: _____

Relationship to Property Owner: _____
(Examples: Tenant/Renter, Nanny, Grandparent/Grandchildren)

E-mail Address(s) for contact purposes: _____

Emergency Contact: _____ Telephone: _____
(Not Immediate Family)

NOTE: Minors must be accompanied by a Property Owner or another Additional Authorized User unless a Minor Release Form is on file with the District Manager.

MANDATORY INFORMATION ON PROPERTY OWNER AUTHORIZING USE:

Address of Property Owner Authorizing Use: _____
(In-District Address)

Last Name: _____ First Name: _____

Home Phone: _____ Work/Cell Phone: _____

**EACH ADDITIONAL AUTHORIZED USER MUST ALSO SIGN A WAIVER AND CONSENT
FORM**

**INSPIRATION METROPOLITAN DISTRICT
WAIVER AND CONSENT FORM**

**PLEASE READ CAREFULLY BEFORE SIGNING. THIS DOCUMENT INCLUDES A
RELEASE OF LIABILITY AND WAIVER OF CERTAIN LEGAL RIGHTS.**

I, on behalf of myself, my children, if any, as well as my guests, children and authorized additional users listed on my Property Owner Form (if applicable), desire to participate in activities at the pool, clubhouse, tennis courts, sports fields or use other equipment, amenities, facilities, premises or property (collectively, the "Recreation Amenities") owned or operated by Inspiration Metropolitan District (the "District") for the benefit, use and enjoyment of the residents and property owners of the District, and recognize the possibility of physical injury and loss associated with activities, including, but not limited to, swimming and sports. I agree that I and my children will abide by all rules, regulations, and policies of the District, and release the District from all liability for property damage and bodily injury, occurring directly or indirectly, in connection with the use of the Recreation Amenities. I further acknowledge that I am authorized to use the Recreation Amenities of the District, and have completed either the Property Owner Form, on which I am listed as an owner residing within the District, or an Additional Authorized User Form. I acknowledge that if I submit an Additional Authorized User Form, I must be listed as an authorized user on a Property Owner Form submitted by an owner of property within the District.

I, as an adult participant, and for and on behalf of my participating children, if any, agree as follows:

1. to release and agree not to sue the District, its directors, employees, agents, and subcontractors with respect to any and all claims, liabilities, suits or expenses, including attorneys' fees and costs (hereinafter collectively a "Claim") for any injury, damage, death or other loss incurred by me, my children, my guests, or my authorized users, in any way connected, directly or indirectly, with participation in activities and/or use of any equipment, facilities or premises of the District by me, my children, my guests, or my authorized users. I understand I agree here to waive all Claims I or my children may have against the District and agree that neither I, my children, nor anyone acting on my or my children's behalf, will make a Claim against the District as a result of any injury, damage, death or other loss suffered by me or my children, my guests, or my authorized users; and

2. to release and to indemnify, defend, and hold harmless ("indemnify" meaning protect by reimbursement or payment) the District, its representatives, directors, employees, agents, and subcontractors with respect to any and all actions, liabilities, suits, and/or claims: (a) brought by or on behalf of me, my children or a family member, my guests, or my authorized users for any injury, damage, death or other loss in any way connected with participation in activities and/or use of the Recreation Amenities by me, my children, my guests, or my authorized users; and/or (b) brought by another user or participant or any other person for any injury, damage, death or other loss to the extent caused, directly or indirectly, by my own conduct or that of my children, my guests, and my authorized users in the course of participating in activities, and/or using the Recreation Amenities.

I further acknowledge I have reviewed and evaluated the risks and determined to use or allow my children, guests, and authorized users to use the Recreation Amenities with full knowledge and acceptance of the risks. I understand that the District does not provide insurance coverage for accidents or injury sustained by me, my children, my guests, or my authorized users. I agree that use of the Recreation Amenities and participation in activities or events at the Recreation Amenities shall be undertaken by me, my children, my guests, or my authorized users at our sole risk, and the District shall not be liable for any injuries or any damage, or be subject to any claim, demand, injury or damages whatsoever, irrespective of cause or origin.

The District shall not be responsible or liable for articles damaged, lost, or stolen, in or about the Recreation Amenities, or for loss or damages to any property including but not limited to automobiles and the contents thereof.

This Release, Waiver and Indemnity Agreement includes claim(s) resulting from the District's negligence, and includes claim(s) for personal injury or wrongful death (including claim(s) related to emergency, medical, drug and/or health issues, response, assessment or treatment), property damage, loss of consortium, breach of contract or any other claim.

I hereby attest that I have (1) carefully read, understand, and voluntarily sign this document and the above disclaimer, and acknowledge that it shall be effective and binding upon me, my minor children, spouse and other family members, and my heirs, executors, representatives, subrogors and estate; and (2) that I have received, read and understand the District's rules, regulations, policies and procedures governing the Recreation Amenities:

Print Name

Signature

Date

Print Name

Signature

Date

Print Name

Signature

Date

EXHIBIT C
Pool Key Request Form

INSPIRATION CLUB – KEY FOB AGREEMENT

Inspiration Club – Hours of Operation

Life Guards on Duty

Monday – Friday	6:00 a.m. – 9:00 p.m.	None
Saturday	6:00 a.m. – 9:00 p.m.	10:00 a.m. – 8:00 p.m.
Sunday:	6:00am—9:00pm	10:00 a.m. – 6:00 p.m.

Inspiration Club Guest Passes: Each lot receives 20 guest passes/punches per season with a maximum of 4 guests per day. An additional 20 guest passes/punches may be purchased for \$100 (one purchase per season per lot).

RESIDENT 1: _____

RESIDENT 2: _____

ADDRESS: _____

EMAIL: _____ **PHONE:** _____

I understand that two (2) Key FOB are provided one time per “Lot” free of charge and each FOB is non-transferable. I also understand that there is a charge of \$30.00 for each replacement Key FOB provided to me and agree to immediately report any lost or stolen Key FOB to the Inspiration Metropolitan District Manager at (303) 627-1063.

Signature Resident 1: _____

Signature Resident 2: _____

FOR OFFICE USE ONLY

Access Fob # _____ Date Issued: _____ Issued By: _____

Access Fob # _____ Date Issued: _____ Issued By: _____

as of October 2017

Photo Acknowledgement for Adult

For valuable consideration, receipt of which is acknowledged, I, _____ (print Resident's name) do hereby give American Newland Communities, LP. ("**Newland**") their affiliates, assigns, licensees, successors-in-interest, legal representatives, and heirs the irrevocable right to use my name (or any fictional name), comments, quotes, testimonials, endorsements (verbatim or in different words which have substantially the same meaning), picture, portrait, or photograph in all forms and in all media and in all manners, without any restriction as to changes or alterations (including but not limited to composite or distorted representations of those images, or derivative works made in any medium) now or hereafter known for illustration, publication, advertising, trade, promotion, exhibition, or any other lawful purposes, and I waive any right to inspect or approve the photograph(s) or finished version(s) incorporating the photograph(s), including written copy that may be created and appear in connection therewith. I agree that Newland owns the copyright in these photographs and I hereby waive any claims I may have based on any usage of the photographs and my personal testimonials, endorsements, comments and/or quotes or works derived therefrom, including but not limited to claims for either invasion of privacy or libel. I agree that this release shall be binding on me, my legal representatives, heirs, and assigns. I have read the above authorization and release prior to its execution and I am fully cognizant of its contents. I have full rights to contract in my own name with respect to the matters herein.

Resident: Name Printed: _____

Signed: _____

Date: _____, 20____ Address: _____

Witnessed by: Name Printed: _____

Signed: _____

Date: _____, 20____ Address: _____

Photo Acknowledgement for Minor Child

For valuable consideration, receipt of which is acknowledged, I, _____(print name of minor's parent/legal guardian) do hereby give American Newland Communities, LP. ("Newland") their affiliates, assigns, licensees, successors-in-interest, legal representatives, and heirs the irrevocable right to use my child/children/ward(s)'s names (or any fictional names), picture, portrait, or photograph in all forms and in all media and in all manners, without any restriction as to changes or alterations (including but not limited to composite or distorted representations, or derivative works made in any medium) now or hereafter known for illustration, publication, advertising, trade, promotion, exhibition, or any other lawful purposes, and I waive any right to inspect or approve the photograph(s) or finished version(s) incorporating the photograph(s), including written copy that may be created and appear in connection therewith. I agree that Newland owns the copyright in these photographs and I hereby waive any claims I may have based on any usage of the photographs or works derived therefrom, including but not limited to claims for either invasion of privacy or libel. I agree that this release shall be binding on me, my legal representatives, heirs, and assigns. I have read the above authorization and release prior to its execution and I am fully cognizant of its contents.

Consent:

I am the parent or legal guardian of the minor(s) named below and have the legal authority to execute the below release. I approve the foregoing and waive any rights with respect to subject matter stated above.

Minor Child/Children's Names: _____

Resident: Name Printed: _____

Signed: _____

Date: _____, 20____ Address: _____

Witnessed by: Name Printed: _____

Signed: _____

Date: _____, 20____ Address: _____

EXHIBIT D
Pool Rules

SWIMMING POOL RULES

Lifeguards are not provided at the Inspiration Club. The following rules apply to the use of the pool. Additional rules may be posted at the pool:

Persons must not compromise the cleanliness of the pool, or subject other users to unhealthy conditions. Facility Users are required to take a cleansing shower before entering the pool. Showering after using the pool is also recommended.

Persons are required to wear appropriate swimwear at all times. No street clothing such as undergarments, sports bras, basketball shorts, jean shorts or cargo shorts are allowed. White t-shirts or tank tops are permitted over an appropriate swimsuit. The pool monitor will make the final determination if certain swimwear is disallowed in the pool area. Nudity is strictly prohibited.

All incontinent persons are required to wear approved swim diapers. In addition, rubber or plastic pants over the swim diaper are recommended. Regular Diapers are not allowed in the pool.

Swimmers with a cold virus, communicable disease, open sores, ear or nasal discharge are not allowed into the pools. The pool monitor will make the final determination if a swimmer is prohibited from entering the pool.

Horseplay, running, or diving into the pools is prohibited.

Personal sound-producing equipment is prohibited. However, the water exercise classes may use sound equipment as necessary to conduct their program. Persons may use personal stereo devices with headphones that emit sound levels that do not disturb others.

The pool deck perimeter is reserved for walking, safety and emergency purposes. No obstruction of any kind will be permitted in this area.

Food and beverages are permitted in the pool deck perimeter. Food and beverages are not permitted in the pool. No glass, ceramic, china, or other breakable containers are allowed. Trash containers will be available so that pool users may clean-up after themselves.

Inflatables (including water wings) are not permitted in pool. Persons are encouraged to bring a Coast Guard approved Life Jacket to assist non-swimmers.

Children under the age of 12 must be supervised by a parent/ responsible adult/ sitter (age 13+) while in the pool area.

Hanging, swinging and pulling on aquatic equipment or features is not permitted.

Lane ropes and stair rails are installed to assist and guide pool users. Standing or sitting on these items is prohibited.

Lap lanes are to be used for lap swimming and water walking only. During classes, special

programs and scheduled pool maintenance, lap lanes may be removed as necessary.

During busy times Persons will be asked to share lanes or circle swim, and may be asked to limit swim time.

During thunder and lightning storms or other inclement weather conditions, Persons shall clear the pool area. Persons must exit the pool and follow general safety guidelines.

Any Person failing to abide by pool monitor instructions, stated policy or safety rules, will be asked to leave the pool area. The judgment of the pool monitor or District personnel with respect to safety, decorum and sanitation will prevail. Repeat offenders may be subject to facility suspension pending a Board hearing.

In the swimming pools, chemicals are used to ensure a sanitary and safe water environment. Conditions are tested and documented on a regular basis. If unacceptable conditions occur, the pool may be closed to preserve the health and well-being of Persons.

Chemicals are used in the pool water that may cause damage to swim wear. The District will not be responsible for any such damage.

Patio furniture in the pool area shall not be removed. Residents are allowed to bring additional portable lounge chairs, umbrellas, etc. to the pool area provided they do not present a potential safety concern to other members and their guests.

Persons should immediately report fecal or vomit incidents to a lifeguard or the pool monitor or District management.

Climbing on the pool area fence is prohibited.

The District is not responsible for the loss or theft of any personal belongings of any Persons using the pool facilities. Lost and Found items will be donated to a local donation center at the end of each month.

Unauthorized Persons will be asked to immediately vacate the premises and may be reported to the police as trespassers. During non-business hours, concerned residents should report trespassers to the City of Aurora Police Department.

SWIMMING POOL GUEST POLICY

Issuance of Guest Punch Cards is a discretionary program that may be amended or eliminated by the District upon written notice. Each residential lot is eligible to receive free of charge up to twenty (20) Guest Punches in each calendar year. Unused Guest Punch Cards may not be transferred to another residential lot or extended into the next calendar year but may be transferred to subsequent occupants of the same residential within the same calendar year.

Each residential lot shall have the right to purchase a maximum of (20) additional Guest Punches, or (1) Guest Punch Card, per calendar year, with a Maximum Number of (4) Guests per visit. Additional Guest Punches or Guest Punch Cards may be purchased from the CCMC Mountain Office for \$100.00 each.

Owners or Tenants must present a key fob when purchasing additional Guest Punch Cards. Guest Punch Cards are non-refundable. If lost, a new Guest Punch Card must be purchased.

EXHIBIT E
Minor Release Form

**INSPIRATION METROPOLITAN DISTRICT NO. 10
MINOR RELEASE FORM**

I, _____(Name of Parent or Legal Guardian) hereby affirm that I am the parent or legal guardian of the following minors between the ages of 9 and 17: (Please note each child will need to pass a swim test before he/she will be allowed to swim unaccompanied):

Name (Please Print)	Age

and as the parent or legal guardian of the above-listed minor(s), I hereby authorize their use of the following Recreation Amenities of the Inspiration Metropolitan District without my presence and without the presence of another parent, legal guardian or other authorized minor aged 16 to 17 (check all facilities that are authorized for use by the minor(s)):

Pool

I further authorize/do not authorize minor(s) at least 16 years old to supervise, chaperone, and monitor other minors in the pool area, without my presence and without the presence of another parent or legal guardian. (check yes or no):

Yes List name(s) of minor(s) authorized to supervise: _____

No

In making such authorizations, I acknowledge and agree any activities engaged in at the indicated facilities by said minor will be wholly unsupervised by a lifeguard or other attendant and shall be at the minor's sole and unilateral risk. The Leyden Rock Metropolitan District Nos. 1-10 shall not be liable for any injuries or damages caused or incurred by said minor, or be subject to any claim, demand, injury or damages whatsoever, irrespective of cause or origin and the negligence of the Districts' agents, servants, assigns, or employees, or otherwise.

It is agreed and understood that a minor's unsupervised use of the above-indicated use of the Recreation Amenities may be revoked at any time by a District Representative in the event that said minor disregards or otherwise violates any District rules, regulations, or policies, or otherwise engages in conduct inappropriate for use of the Recreation Amenities.

Signature

Print Name

Date

Property Address

Contact Phone Number

EXHIBIT C

2017 Assessed Valuation

CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4425 - Inspiration Metro District

IN DOUGLAS COUNTY ON 11/20/2017

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
--

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2017 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$15,921,760
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$26,447,560
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$26,447,560
5. NEW CONSTRUCTION: **	\$3,135,620
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b) C.R.S.): ##	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$28,190.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TAVOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2017 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2017

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$230,697,524
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$43,276,902
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0

(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY:

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
--	-----

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2017

Data Date: 11/20/2017

EXHIBIT D

2018 Budget



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.CLAconnect.com

Accountant's Compilation Report

Board of Directors
Inspiration Metropolitan District
Douglas County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Inspiration Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Inspiration Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 24, 2018

INSPIRATION METROPOLITAN DISTRICT
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 51,291	\$ 210,757	\$ 209,597
REVENUES			
1 Property taxes	701,488	920,956	1,754,320
2 Specific ownership taxes	64,540	102,958	175,430
3 Developer advance	45,550	1,744,583	-
4 Net investment income	493	5,790	12,258
5 Other income	6,521	3,224	2,000
6 Property taxes - Regional ARI	11,691	15,350	29,225
7 Specific ownership taxes - Regional ARI	1,076	1,525	2,920
8 Development fees	654,500	518,000	700,000
9 Assessment fees - homeowners	225,564	385,892	498,708
10 Assessment fees - builders	115,386	143,766	151,914
11 Working capital	38,500	65,500	81,085
12 Net investment income - reserve	-	142	-
Total revenues	<u>1,865,309</u>	<u>3,907,686</u>	<u>3,407,860</u>
TRANSFERS IN	<u>-</u>	<u>43,850</u>	<u>159,000</u>
Total funds available	<u>1,916,600</u>	<u>4,162,293</u>	<u>3,776,457</u>
EXPENDITURES			
13 General and administration			
14 Accounting	19,222	20,000	25,000
15 Audit	4,200	4,200	4,500
16 Banking fees	-	37	200
17 Contingency	-	-	2,914
18 County Treasurer's fees	1,754	2,302	4,386
19 District management	18,000	19,500	28,662
20 Dues and membership	-	768	1,000
21 Election	-	-	25,000
22 General and administration	4,036	3,579	-
23 Insurance	11,610	15,071	25,000
24 Legal	60,657	105,839	75,000
25 Meeting expense	-	-	800
26 Mileage / Auto	-	-	600
27 Miscellaneous	889	2,450	1,000
28 Office rental	-	3,600	3,600
29 Office supplies	-	-	900
30 Postage	-	-	3,827
31 Professional Services- Management	47,550	62,701	99,920
32 Social events and activities	19,594	24,910	25,350
33 Uniforms	-	-	400
34 Web hosting	-	-	4,080
35 Operations and maintenance			
36 Collection Expense	2,374	850	-
37 Dog waste bags	-	-	1,200
38 Drainage Maint.	-	-	55,000
39 Electricity	4,023	5,050	12,400
40 Fence/walls	-	-	10,000
41 Gas	3,177	3,983	4,700
42 Holiday Lighting	-	15,000	6,000
43 Irrigation supplies and repairs	6,761	21,025	16,000
44 Landscape maintenance	59,185	75,457	250,000
45 Landscape P & S	-	-	4,904
46 Landscape supplies and repairs	60,161	111,000	-
47 Pest control	-	-	480
48 Playground Inspection	-	-	1,800
49 Pool service and supplies	35,148	46,517	56,900
50 Refuse	35,230	51,196	65,808
51 Refuse - Clubhouse	-	-	525
52 Reserve Study	2,650	-	-
53 Seasonal color	-	-	7,000
54 Snow Contract	4,097	8,422	15,000
55 Storage	-	-	1,010
56 Telephone	1,772	3,619	3,840
57 Water	111,337	110,000	210,000
58 Debt service			
59 Bond interest 2014 Bonds - Interest	1,162,125	1,424,700	1,424,700
60 County Treasurer's fees	8,946	11,512	19,836
61 Paying agent fees	8,750	10,667	15,000
62 Regional ARI mill levy	12,595	-	-
63 Regional mill levy	-	-	-
64 Treasurer's fees - ARI	-	309	397
65 Capital projects			
66 Capital outlay	-	1,744,583	791
Total expenditures	<u>1,705,843</u>	<u>3,908,847</u>	<u>2,515,430</u>
TRANSFERS OUT	<u>-</u>	<u>43,850</u>	<u>159,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,705,843</u>	<u>3,952,697</u>	<u>2,674,430</u>
ENDING FUND BALANCES	<u>\$ 210,757</u>	<u>\$ 209,597</u>	<u>\$ 1,102,027</u>
EMERGENCY RESERVE	\$ 17,970	\$ 5,200	\$ 9,800
EMERGENCY RESERVE RESERVE	-	17,916	21,951
TOTAL RESERVE	<u>\$ 17,970</u>	<u>\$ 130,320</u>	<u>\$ 134,921</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION -			
Residential	\$ 11,691,450	\$ 15,921,760	\$ 13,444,920
Agricultural	-	-	3,880
Vacant Land	-	-	12,743,970
Personal Property	-	-	253,080
State Assessed	-	-	600
Other	-	-	1,110
Certified Assessed Value	<u>\$ 11,691,450</u>	<u>\$ 15,921,760</u>	<u>\$ 26,447,560</u>
MILL LEVY			
GENERAL FUND	10.000	10.000	11.055
DEBT SERVICE FUND	50.000	50.000	55.277
CONTRACTUAL OBLIGATIONS	1.000	1.000	1.105
Total Mill Levy	<u>61.000</u>	<u>61.000</u>	<u>67.437</u>
PROPERTY TAXES			
GENERAL FUND	\$ 116,914	\$ 159,217	\$ 292,378
DEBT SERVICE FUND	584,573	796,088	1,461,942
CONTRACTUAL OBLIGATIONS	11,691	15,922	29,225
Levied property taxes	713,178	971,227	1,783,545
Adjustments to actual/rounding	1	-	-
Refund and abatements	-	(34,921)	-
Budgeted Property Taxes	<u>\$ 713,179</u>	<u>\$ 936,306</u>	<u>\$ 1,783,545</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 116,915	\$ 153,492	\$ 292,378
DEBT SERVICE FUND	584,573	767,464	1,461,942
CONTRACTUAL OBLIGATIONS	11,691	15,350	29,225
	<u>\$ 713,179</u>	<u>\$ 936,306</u>	<u>\$ 1,783,545</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ (23,489)	\$ 20,631	\$ 9,105
REVENUES			
1 Property taxes	116,915	153,492	292,378
2 Specific ownership taxes	10,757	17,156	29,240
3 Developer advance	13,850	-	-
4 Net investment income	41	513	1,200
5 Other income	-	1,559	1,000
Total revenues	<u>141,563</u>	<u>172,720</u>	<u>323,818</u>
Total funds available	<u>118,074</u>	<u>193,351</u>	<u>332,923</u>
EXPENDITURES			
General and administration			
6 Accounting	19,222	20,000	25,000
7 Audit	4,200	4,200	4,500
8 Banking fees	-	37	200
9 Contingency	-	-	2,914
10 County Treasurer's fees	1,754	2,302	4,386
11 Dues and membership	-	768	1,000
12 Election	-	-	25,000
13 Insurance	11,610	15,071	25,000
14 Legal	60,657	95,787	75,000
15 Miscellaneous	-	2,231	1,000
Total expenditures	<u>97,443</u>	<u>140,396</u>	<u>164,000</u>
TRANSFERS OUT			
OPERATIONS FUND			
Total transfers out	<u>-</u>	<u>43,850</u>	<u>159,000</u>
Total expenditures and transfers out requiring appropriation	<u>97,443</u>	<u>184,246</u>	<u>323,000</u>
ENDING FUND BALANCES	<u>\$ 20,631</u>	<u>\$ 9,105</u>	<u>\$ 9,923</u>
EMERGENCY RESERVE	<u>\$ 17,970</u>	<u>\$ 5,200</u>	<u>\$ 9,800</u>
TOTAL RESERVE	<u>\$ 17,970</u>	<u>\$ 5,200</u>	<u>\$ 9,800</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT
OPERATIONS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 61,081	\$ 60,733	\$ 125,120
REVENUES			
1 Developer advance	31,700	-	-
2 Net investment income	452	256	-
3 Other income	4,034	1,665	-
4 Assessment fees - homeowners	225,564	385,892	498,708
5 Assessment fees - builders	115,386	143,766	151,914
6 Working capital	38,500	65,500	81,085
7 Net investment income - reserve	-	137	-
Total revenues	<u>415,636</u>	<u>597,216</u>	<u>731,707</u>
TRANSFERS IN			
GENERAL FUND	-	43,850	159,000
Total transfers in	<u>-</u>	<u>43,850</u>	<u>159,000</u>
Total funds available	<u>476,717</u>	<u>701,799</u>	<u>1,015,827</u>
EXPENDITURES			
General and administration			
8 District management	18,000	19,500	28,662
9 General and administration	4,036	3,579	-
10 Legal	-	10,052	-
11 Meeting expense	-	-	800
12 Mileage / Auto	-	-	600
13 Miscellaneous	889	219	-
14 Office rental	-	3,600	3,600
15 Office supplies	-	-	900
16 Postage	-	-	3,827
17 Professional Services- Management	47,550	62,701	99,920
18 Social events and activities	19,594	24,910	25,350
19 Uniforms	-	-	400
20 Web hosting	-	-	4,080
Operations and maintenance			
21 Collection Expense	2,374	850	-
22 Dog waste bags	-	-	1,200
23 Drainage Maint.	-	-	55,000
24 Electricity	4,023	5,050	12,400
25 Fence/walls	-	-	10,000
26 Gas	3,177	3,983	4,700
27 Holiday Lighting	-	15,000	6,000
28 Irrigation supplies and repairs	6,761	21,025	16,000
29 Landscape maintenance	59,185	75,457	250,000
30 Landscape P & S	-	-	4,904
31 Landscape supplies and repairs	60,161	111,000	-
32 Pest control	-	-	480
33 Playground Inspection	-	-	1,800
34 Pool service and supplies	35,148	46,517	56,900
35 Refuse	35,230	51,196	65,808
36 Refuse - Clubhouse	-	-	525
37 Reserve Study	2,650	-	-
38 Seasonal color	-	-	7,000
39 Snow Contract	4,097	8,422	15,000
40 Storage	-	-	1,010
41 Telephone	1,772	3,619	3,840
42 Water	111,337	110,000	210,000
Total expenditures	<u>415,984</u>	<u>576,680</u>	<u>890,706</u>
Total expenditures and transfers out requiring appropriation	<u>415,984</u>	<u>576,680</u>	<u>890,706</u>
ENDING FUND BALANCES	<u>\$ 60,733</u>	<u>\$ 125,120</u>	<u>\$ 125,121</u>
EMERGENCY RESERVE	\$ -	\$ 17,916	\$ 21,951
RESERVE	-	107,203	103,170
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 125,120</u>	<u>\$ 125,121</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT
DEBT SERVICE FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 12,117	\$ 127,811	\$ 73,790
REVENUES			
1 Property taxes	584,573	767,464	1,461,942
2 Specific ownership taxes	53,783	85,802	146,190
3 Net investment income	-	5,021	11,058
4 Other income	2,487	-	1,000
5 Property taxes - Regional ARI	11,691	15,350	29,225
6 Specific ownership taxes - Regional ARI	1,076	1,525	2,920
7 Development fees	654,500	518,000	700,000
8 Net investment income - reserve	-	5	-
Total revenues	<u>1,308,110</u>	<u>1,393,167</u>	<u>2,352,335</u>
Total funds available	<u>1,320,227</u>	<u>1,520,978</u>	<u>2,426,125</u>
EXPENDITURES			
Debt service			
9 Bond interest 2014 Bonds - Interest	1,162,125	1,424,700	1,424,700
10 County Treasurer's fees	8,946	11,512	19,836
11 Paying agent fees	8,750	10,667	15,000
12 Regional ARI mill levy	12,595	-	-
13 Regional mill levy	-	-	-
14 Treasurer's fees - ARI	-	309	397
Total expenditures	<u>1,192,416</u>	<u>1,447,188</u>	<u>1,459,933</u>
Total expenditures and transfers out requiring appropriation	<u>1,192,416</u>	<u>1,447,188</u>	<u>1,459,933</u>
ENDING FUND BALANCES	<u>\$ 127,811</u>	<u>\$ 73,790</u>	<u>\$ 966,192</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 791	\$ 791	\$ 791
REVENUES			
1 Developer advance	-	1,744,583	-
Total revenues	-	1,744,583	-
Total funds available	791	1,745,374	791
EXPENDITURES			
Capital projects			
2 Capital outlay	-	1,744,583	791
Total expenditures	-	1,744,583	791
Total expenditures and transfers out requiring appropriation	-	1,744,583	791
ENDING FUND BALANCES	\$ 791	\$ 791	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**INSPIRATION METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Aurora on March 4, 2002 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). On February 10, 2017, the District formally changed its name from RockingHorse Metropolitan District No. 2 to Inspiration Metropolitan District. The District's service area is located in Douglas County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

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

The District prepares its budget on the modified accrual basis of accounting.

Revenues

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 or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 10% of all the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.00%.

**INSPIRATION METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Development Fees

The District established a system development fee of \$3,500 per residential unity. The fees are payable by homebuilders at the time of issuance of building permits. The revenue from the fees is pledged for payment of the two Bonds.

Assessments Fees

The District collects assessments from property owners in the District to offset operations and maintenance costs.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance, utilities, landscaping, facilities management, snow plowing and other administrative expenses.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Debt Service

Principal and interest payments in 2018 are provided based on the debt amortization schedule from the Series 2014A Senior Bonds (discussed under Debt and Leases). The debt to maturity schedule is attached.

Debt and Leases

The Taxable Senior Limited Tax General Obligation Refunding Bond Series 2014 A-1, 2014 A-2, and 2014 A-3 ("Series 2014") in the total amount of \$2,640,000 bear interest at 6.5% and are payable semi-annually on June 1st and December 1st of each year commencing June 1, 2014 through December 1, 2016. The Series 2014 bonds are payable from pledged revenue including property taxes and development fees. The Series 2014 bonds are not subject to redemption at the option of the District prior to maturity. The Series 2014 bonds are subject to mandatory redemption on June 1 and December 1 of each year, commencing on June 1, 2014 to the extent pledged revenue is available 45 days prior to the redemption date. In the event that any amount of principal or interest on the bonds remains unpaid after the application of all Pledged Revenue available on the final maturity date of the Series 2014 Bonds, the Bonds and the lien thereof on the Pledged Revenues securing payment thereof shall be deemed discharged.

On December 1, 2016 the outstanding balance of the Series 2014 bonds of \$1,170,000 was deemed discharged.

**INSPIRATION METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (continued)

Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014A (“Series 2014A”) in the amount of \$20,000,651. Prior to the December 1, 2016, the Bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2016 and until the maturity date of December 1, 2051 or prior redemption, the Bonds shall bear interest at the rate of 6.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2017. The Series 2014A bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium.

Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2014B in the amount of \$17,771,847 (“Series 2014B”). Prior to December 1, 2019, the Series 2014B bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2019 and until maturity date of December 1, 2051, or prior redemption, the Series 2014B bonds shall bear interest at the rate of 6.50% per annum, calculated on the basis of a 360- day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi- annually, on each June 1 and December 1, commencing June 1, 2020. The Series 2014B bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium.

Junior Lien (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014C (Drawdown) in the amount up to \$9,785,000 (“Series 2014C”) The Series 2014C bonds were issued with no balance, and will “fill-up” as infrastructure costs are accepted by the District under the Facility Acquisition Agreement. On November 12, 2015 bonds in the amount of \$4,272,225 were issued (Series 2014C-1 and Series 2014C-2). Prior to the December 1, 2023, the Series 2014C bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2023 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014C bonds shall bear interest at the rate of 7.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi- annually, on each June 1 and December 1, commencing June 1, 2024. The Series 2014C bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium.

Fourth Tier Limited Tax General Obligation Bonds, Series 2017D, in the amount of \$9,949,000 were issued on December 12, 2017 to finance certain public improvements. The Bonds bear interest at the rate of 7.50% per annum, until paid in full or discharged, such interest to be calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available therefor annually on each December 15, commencing on December 15, 2018. The Bonds are structured as cash flow bonds and payments will be made when funds are available, with the exception of \$82,500 which is to be repaid in 2018 from the first \$82,500 in Pledged revenue received by the District.

**INSPIRATION METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserve Funds

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending as defined under TABOR.

This information is an integral part of the accompanying budget.

**INSPIRATION METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$49,790,400

**General Obligation Refunding and Improvement Bonds
(Limited Tax Convertible to Unlimited Tax)**

Series 2014A, Interest Rate of 6.00%

Series 2014B, Interest Rate of 6.50%

Series 2014C, Interest Rate of 7.00%

Dated June 1, 2014

Payable June 1 and December 1

**Bonds and
Interest
Maturing in the
Year Ending
December 31,**

	Principal	Interest	Total
2018	\$ -	\$ 1,424,700	\$ 1,424,700
2019	-	1,424,700	1,424,700
2020	-	3,109,825	3,109,825
2021	-	3,109,825	3,109,825
2022-2026	165,000	17,110,475	17,275,475
2027-2031	2,005,000	17,911,725	19,916,725
2032-2036	5,145,000	16,908,100	22,053,100
2037-2041	9,445,000	14,770,175	24,215,175
2042-2046	15,815,000	11,015,575	26,830,575
2047-2051	24,530,000	4,949,800	29,479,800
	\$ 57,105,000	\$ 93,159,600	\$ 150,264,600

EXHIBIT E

2016 Audit

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Financial Statements

Year Ended December 31, 2016

with

Independent Auditors' Report

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Inspiration Metropolitan District
Douglas County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Inspiration Metropolitan District (fka RockingHorse Metropolitan District No. 2), Douglas County, Colorado, as of and for the year ended December 31, 2016, 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Inspiration Metropolitan District, Douglas County, Colorado, as of December 31, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basis 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 basis financial statements is not affected by the missing information

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents are presented for the purpose of additional analysis and were not a required part of the financial statements. The supplemental information is the responsibility of management and were derived from and relate 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 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.

Watson Coon & Associates P.C.
Watson Coon & Associates P.C.

July 15, 2017
Greenwood Village, Colorado

Inspiration Metropolitan District (fka RockingHorse Metropolitan District No. 2)

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 112,654	\$ -	\$ -	\$ 112,654	\$ -	\$ 112,654
Cash and investments - restricted	17,970	149,455	1,322	168,747	-	168,747
Receivable - County Treasurer	910	4,640	-	5,550	-	5,550
Receivable - development fees	-	17,500	-	17,500	-	17,500
Assessments receivable	52,558	-	-	52,558	-	52,558
Property taxes receivable	159,217	812,010	-	971,227	-	971,227
Prepaid expenses	598	-	-	598	-	598
Capital assets not being depreciated	-	-	-	-	30,974,362	30,974,362
Total Assets	<u>\$ 343,907</u>	<u>\$ 983,605</u>	<u>\$ 1,322</u>	<u>\$ 1,328,834</u>	<u>30,974,362</u>	<u>32,303,196</u>
LIABILITIES						
Accounts payable	\$ 70,888	\$ -	\$ 531	\$ 71,419	-	71,419
Regional Mill levy payable	-	43,784	-	43,784	-	43,784
Prepaid assessments	32,438	-	-	32,438	-	32,438
Accrued interest on bonds	-	-	-	-	258,946	258,946
Long-term liabilities:						
Due in more than one year	-	-	-	-	49,790,400	49,790,400
Total Liabilities	<u>103,326</u>	<u>43,784</u>	<u>531</u>	<u>147,641</u>	<u>50,049,346</u>	<u>50,196,987</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>159,217</u>	<u>812,010</u>	<u>-</u>	<u>971,227</u>	<u>-</u>	<u>971,227</u>
Total Deferred Inflows of Resources	<u>159,217</u>	<u>812,010</u>	<u>-</u>	<u>971,227</u>	<u>-</u>	<u>971,227</u>
FUND BALANCES						
Fund Balances:						
Nonspendable:						
Prepays	598	-	-	598	(598)	
Restricted:						
Emergencies	17,970	-	-	17,970	(17,970)	-
Capital improvements	-	-	791	791	(791)	-
Debt service	-	127,811	-	127,811	(127,811)	-
Assigned:						
Subsequent years expenditures	<u>63,394</u>	<u>-</u>	<u>-</u>	<u>63,394</u>	<u>(63,394)</u>	<u>-</u>
Total Fund Balances	<u>81,364</u>	<u>127,811</u>	<u>791</u>	<u>209,966</u>	<u>(209,966)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 343,907</u>	<u>\$ 983,605</u>	<u>\$ 1,322</u>	<u>\$ 1,328,834</u>		
NET POSITION						
Restricted for:						
Capital improvements					791	791
Emergencies					17,970	17,970
Unrestricted					<u>(18,883,779)</u>	<u>(18,883,779)</u>
Total Net Position					<u>\$ (18,865,018)</u>	<u>\$ (18,865,018)</u>

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

Inspiration Metropolitan District (fka RockingHorse Metropolitan District No. 2)

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

For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Insurance	\$ 11,610	\$ -	\$ -	\$ 11,610	\$ -	\$ 11,610
Accounting/Audit	23,422	-	-	23,422	-	23,422
Legal	60,657	-	-	60,657	-	60,657
Professional Svcs- Mgmt	65,550	-	-	65,550	-	65,550
Admin/business supplies-operations	4,036	-	-	4,036	-	4,036
Activities	19,593	-	-	19,593	-	19,593
Utilities	120,309	-	-	120,309	-	120,309
Pool Operations	35,148	-	-	35,148	-	35,148
Landscape Maintenance	126,107	-	-	126,107	-	126,107
Trash disposal services	35,230	-	-	35,230	-	35,230
Miscellaneous expense	889	-	-	889	-	889
Snow contract	4,097	-	-	4,097	-	4,097
Collection expense	2,374	-	-	2,374	-	2,374
Reserve study	2,650	-	-	2,650	-	2,650
Treasurer fees	1,754	8,946	-	10,700	-	10,700
2014 Bonds - Principal	-	1,024,000	-	1,024,000	(1,024,000)	-
2014 Bonds -Interest	-	138,125	-	138,125	2,995,890	3,134,015
Trustee Fees	-	8,750	-	8,750	-	8,750
Regional ARI mill levy	-	12,595	-	12,595	-	12,595
Total Expenditures	<u>513,426</u>	<u>1,192,416</u>	<u>-</u>	<u>1,705,842</u>	<u>1,971,890</u>	<u>3,677,732</u>
PROGRAM REVENUES						
Owner assessments and fees	<u>383,484</u>	<u>-</u>	<u>-</u>	<u>383,484</u>	<u>-</u>	<u>383,484</u>
Total Program Revenues	<u>383,484</u>	<u>-</u>	<u>-</u>	<u>383,484</u>	<u>-</u>	<u>383,484</u>
Net Program Income (Expense)	(129,942)	(1,192,416)	-	(1,322,358)	(1,971,890)	(3,294,248)
GENERAL REVENUES						
Property taxes	116,915	584,573	-	701,488	-	701,488
Property taxes - Regional ARI	-	11,691	-	11,691	-	11,691
Specific ownership taxes	10,757	53,783	-	64,540	-	64,540
Specific ownership taxes - Regional ARI	-	1,076	-	1,076	-	1,076
Interest income and Other	493	2,487	-	2,980	-	2,980
Total General Revenues	<u>128,165</u>	<u>653,610</u>	<u>-</u>	<u>781,775</u>	<u>-</u>	<u>781,775</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(1,777)	(538,806)	-	(540,583)	(1,971,890)	(2,512,473)
OTHER FINANCING SOURCES (USES)						
Development fees	-	654,500	-	654,500	-	654,500
Discharged bonds	-	-	-	-	1,170,000	1,170,000
Developer Advances	45,550	-	-	45,550	(45,550)	-
Total Other Financing Source (Uses)	<u>45,550</u>	<u>654,500</u>	<u>-</u>	<u>700,050</u>	<u>1,108,911</u>	<u>1,808,961</u>
NET CHANGE IN FUND BALANCES	43,773	115,694	-	159,467	(159,467)	
CHANGE IN NET POSITION					(703,512)	(703,512)
FUND BALANCE/NET POSITION:						
BEGINNING OF YEAR	<u>37,591</u>	<u>12,117</u>	<u>791</u>	<u>50,499</u>	<u>(18,212,005)</u>	<u>(18,161,506)</u>
END OF YEAR	<u>\$ 81,364</u>	<u>\$ 127,811</u>	<u>\$ 791</u>	<u>\$ 209,966</u>	<u>\$(19,074,984)</u>	<u>\$(18,865,018)</u>

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

Inspiration Metropolitan District (fka RockingHorse Metropolitan District No. 2)

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

For the Year Ended December 31, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 116,914	\$ 116,914	\$ 116,915	\$ 1
Specific ownership taxes	8,185	8,185	10,757	2,572
Owner assessments and fees	315,244	368,088	383,484	15,396
Interest income and Other	<u>395</u>	<u>395</u>	<u>493</u>	<u>98</u>
Total Revenues	<u>440,738</u>	<u>493,582</u>	<u>511,649</u>	<u>18,067</u>
EXPENDITURES				
Insurance	10,000	11,610	11,610	-
Accounting/Audit	20,000	25,000	23,422	1,578
Legal	45,000	65,000	60,657	4,343
Professional Svcs- Mgmt	18,000	57,410	65,550	(8,140)
Admin/business supplies-operations	4,870	4,870	4,036	834
Activities	16,850	16,850	19,593	(2,743)
Utilities	99,600	137,000	120,309	16,691
Pool Operations	36,280	36,280	35,148	1,132
Contract maintenance	15,900	15,000	-	15,000
Landscape Maintenance	178,760	126,000	126,107	(107)
Trash disposal services	35,662	32,298	35,230	(2,932)
Miscellaneous expense	-	1,000	889	111
Snow contract	-	6,500	4,097	2,403
Collection expense	-	1,500	2,374	(874)
Reserve study	-	2,650	2,650	-
Treasurer fees	1,754	1,754	1,754	-
Emergency reserve	<u>14,480</u>	<u>9,278</u>	<u>-</u>	<u>9,278</u>
Total Expenditures	<u>497,156</u>	<u>550,000</u>	<u>513,426</u>	<u>36,574</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(56,418)	(56,418)	(1,777)	54,641
OTHER FINANCING SOURCES (USES)				
Developer Advances	<u>40,942</u>	<u>40,942</u>	<u>45,550</u>	<u>4,608</u>
Total Other Financing Sources (Uses)	<u>40,942</u>	<u>40,942</u>	<u>45,550</u>	<u>4,608</u>
CHANGE IN FUND BALANCE	(15,476)	(15,476)	43,773	59,249
FUND BALANCE:				
BEGINNING OF YEAR	<u>15,476</u>	<u>15,476</u>	<u>37,591</u>	<u>22,115</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,364</u>	<u>\$ 81,364</u>

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

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Inspiration Metropolitan District, formerly known as RockingHorse Metropolitan District No. 2 (“the District”), located in Douglas County, Colorado, within the City of Aurora (“City”), 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 principals. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on March 4, 2002, as a quasi-municipal organization established under the State of Colorado Special District Act, concurrently with RockingHorse Metropolitan District No. 1 (“District No. 1”). The District was organized to provide financing for water, sewer and street improvements, safety protection, park and recreational improvements, transportation, mosquito control services, and television relay and translator facilities. Upon completion, the District dedicates and transfers certain facilities to the City or other appropriate jurisdiction, for maintenance and operation (see Note 1). When the facilities are complete and all bonds issued by the District are paid or defeased, the District intends to dissolve. On February 10, 2017, the District formally changed its name from RockingHorse Metropolitan District No. 2 to Inspiration Metropolitan District. 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.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

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. 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.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

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 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.

In October 2016, the District amended its total appropriations in the General Fund from \$497,156 to \$550,000 primarily due to higher utility, legal and professional service expenditures.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2016, 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 cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. 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.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

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 did not have any items that qualified for reporting in this category.

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.

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.

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 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.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

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.

The nonspendable fund balance in the General Fund in the amount of \$598 represents prepaid expenditures.

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 \$17,970 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 \$127,811 is restricted for the payment of the debt service costs associated with the future payment of the principal, interest and other costs related to the Long Term Debt (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$791 is reserved 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.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2017.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For 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 or resources related to those assets. At December 31, 2016, the District did not have any net investment in capital assets to report.

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.

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, 2016, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 112,654
Cash and Investments – restricted	<u>168,747</u>
	\$ <u>281,401</u>

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

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

Deposits with financial institutions	\$ 129,400
Investments – COLOTRUST	<u>152,001</u>
	<u>\$ 281,401</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. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District has the following recurring fair value measurements as of December 31, 2016:

An external investment pool that records its investments at fair value. The investment in COLOTRUST is categorized as a Level 2 Investment.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

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.

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

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, a Level 2 investment under the fair value hierarchy. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust 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 the trusts. Substantially all securities owned by the trusts 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, 2016, the District had \$152,001 invested in COLOTRUST.

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.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Governmental Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 30,974,362	\$ -	\$ -	\$ 30,974,362
Total capital assets not being depreciated:	\$ 30,974,362	\$ -	\$ -	\$ 30,974,362

Upon completion and acceptance, all fixed assets except for park and recreation improvements will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of the improvements to be conveyed.

Note 4: Long Term Debt

The Taxable Senior Limited Tax General Obligation Refunding Bond Series 2014 A-1, 2014 A-2, and 2014 A-3 (“Series 2014”) in the total amount of \$2,640,000 bear interest at 6.5% and are payable semi-annually on June 1st and December 1st of each year commencing June 1, 2014 through December 1, 2016. The Series 2014 bonds are payable from pledged revenue including property taxes and development fees. The Series 2014 bonds are not subject to redemption at the option of the District prior to maturity. The Series 2014 bonds are subject to mandatory redemption on June 1 and December 1 of each year, commencing on June 1, 2014 to the extent pledged revenue is available 45 days prior to the redemption date. In the event that any amount of principal of or interest on the bonds remains unpaid after the application of all Pledged Revenue available on the final maturity date of the Series 2014 Bonds, the Bonds and the lien thereof on the Pledged Revenues securing payment thereof shall be deemed discharged.

On December 1, 2016 the outstanding balance of the Series 2014 bonds of \$1,170,000 was deemed discharged.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

Senior Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014A (“Series 2014A”) in the amount of \$20,000,651. Prior to the December 1, 2016, the Bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2016 and until the maturity date of December 1, 2051 or prior redemption, the Bonds shall bear interest at the rate of 6.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2017. The Series 2014A bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium.

Subordinate (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2014B in the amount of \$17,771,847 (“Series 2014B”). Prior to December 1, 2019, the Series 2014B bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2019 and until maturity date of December 1, 2051, or prior redemption, the Series 2014B bonds shall bear interest at the rate of 6.50% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2020. The Series 2014B bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

Junior Lien (Convertible to Senior) Limited Tax (Convertible to Unlimited Tax) General Obligation Convertible Capital Appreciation Refunding Bonds, Series 2014C (Drawdown) in the amount up to \$9,785,000 (“Series 2014C”) The Series 2014C bonds were issued with no balance, and will “fill-up” as infrastructure costs are accepted by the District under the Facility Acquisition Agreement. On November 12, 2015 bonds in the amount of \$4,272,225 were issued (Series 2014C-1 and Series 2014C-2). Prior to the December 1, 2023, the Series 2014C bonds shall pay no current interest and accrete in value in accordance with the Accretion Table, compounding semi-annually on each June 1 and December 1, commencing June 1, 2014. On December 1, 2023 and until the maturity date of December 1, 2051, or prior redemption, the Series 2014C bonds shall bear interest at the rate of 7.00% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available semi-annually, on each June 1 and December 1, commencing June 1, 2024. The Series 2014C bonds are payable from pledged revenue including property taxes and development fees and are subject to redemption prior to maturity, at the option of the District, on and after January 1, 2024, upon payment of par plus accrued interest, without redemption premium. The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2016:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Due Within One year
Series 2014	\$ 2,194,000	\$ -	\$ 2,194,000	\$ -	\$ -
Series 2014A	22,381,800	1,363,200	-	23,745,000	-
Series 2014B	20,072,172	1,326,064	-	21,398,236	-
Series 2014C	4,272,225	320,969	-	4,593,194	-
Developer Advances	8,420	45,550	-	53,970	-
Total	<u>\$ 48,928,617</u>	<u>\$ 3,055,783</u>	<u>\$ 2,194,000</u>	<u>\$ 49,790,400</u>	<u>\$ -</u>

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2014A, Series 2014B and Series 2014C bonds:

	Principal	Interest	Total
2017	\$ -	\$ 1,424,700	\$ 1,424,700
2018	-	1,424,700	1,424,700
2019	-	1,424,700	1,424,700
2020	-	3,109,825	3,109,825
2021	-	3,109,825	3,109,825
2022-2026	165,000	17,110,475	17,275,475
2027-2031	2,005,000	17,911,725	19,916,725
2032-2036	5,145,000	16,908,100	22,053,100
2037-2041	9,445,000	14,770,175	24,215,175
2042-2046	15,815,000	11,015,575	26,830,575
2047-2051	24,530,000	4,949,800	29,479,800
	\$ 57,105,000	\$ 93,159,600	\$ 150,264,600

Debt Authorization

As of December 31, 2016 the District has \$1,120,805,310 in remaining voter authorization for operations and \$232,220,503 in remaining voter authorization for refundings. The District's service plan, as approved by the City, allows for a total debt amount (through elections held in 2004), combined with District No. 1, of \$119,700,000.

Note 5: Amended and Restated Fee Resolution

On October 20, 2015, the District adopted a Resolution Concerning the Imposition of an Operations Fee, which imposes: 1) an Operations Fee on each Residential Unit at a rate of \$48 a month; 2) an Operations Fee on each Vacant Lot at a rate of \$24 a month 3) a Transfer fee on each Residential Unit transfer of \$500, and 4) a Transfer fee on each Vacant Lot transfer of \$500.

On July 16, 2010, the Board of Directors of the Districts adopted a Joint Resolution Concerning District Fees for the Use of District Recreational Facilities by Non-Residents and Non-Property Owners. Persons not residing or owning property within the legal boundaries of the District, as may be amended from time to time (the "Outside Users"), shall be entitled to utilize the RockingHorse tennis courts (the "Recreation Amenities") in accordance with, and to the extent set forth within the resolution and the rules and regulations of the Districts. The annual Outside User Fee is \$1,260 per year.

INSPIRATION METROPOLITAN DISTRICT
(FKA ROCKINGHORSE METROPOLITAN DISTRICT NO. 2)

Notes to Financial Statements
December 31, 2016

Note 6: Developer Agreements

On July 21, 2015, the District and Nash Inspiration, LLC, (“Developer”) entered into a Funding and Reimbursement Agreement whereby the Developer agreed to loan up to \$100,000 per year for operations through December 31, 2015, and the District agreed to repay Developer for funds advanced plus accrued interest at 7% per annum. This agreement was subsequently extended by the 2016 Extension to Funding and Reimbursement Agreement with a new termination date of December 31, 2016.

Note 7: Intergovernmental Agreements

City of Aurora – On August 6, 2004, the District, along with the District No. 1, entered into an Amended and Restated Intergovernmental Agreement with the City of Aurora, as required by the Amended and Restated Consolidated Service Plan. Under this agreement, the District must obtain the approval of the Aurora City Council prior to any inclusion of property into the boundaries of the District, or any consolidation with any other special district. Prior to issuance of any privately placed debt, the District shall obtain a certificate from an External Financial Advisor certifying the reasonableness of the interest rate and the structure. Pursuant to the agreement and the Amended and Restated Consolidated Service Plan, the Taxing District is required to levy a regional mill levy and to remit it to an Aurora Regional Improvement (“ARI”) Authority or to the City under certain circumstances.

The Amended and Restated Consolidated Service Plan requires the District to dedicate the public improvements to the City of Aurora for ownership and maintenance. The District is authorized, but not obligated to, operate and maintain the park and recreation improvements.

Note 8: Related Party

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

Note 9: 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.

INSPIRATION METROPOLITAN DISTRICT
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Notes to Financial Statements
December 31, 2016

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.

On November 2, 2004 a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 10: 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 ("the 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.

INSPIRATION METROPOLITAN DISTRICT
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Notes to Financial Statements
December 31, 2016

Note 11: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

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

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

- 1) 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; and
- 2) 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.

Note 12: Subsequent Event

On February 10, 2017, the District formally changed its name from RockingHorse Metropolitan District No. 2 to Inspiration Metropolitan District.

SUPPLEMENTAL INFORMATION

Inspiration Metropolitan District (fka RockingHorse Metropolitan District No. 2)

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

For the Year Ended December 31, 2016

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 584,573	\$ 584,573	\$ -
Property taxes - Regional ARI	11,691	11,691	-
Specific ownership taxes	40,920	53,783	12,863
Specific ownership taxes - Regional ARI	818	1,076	258
Other income	<u>-</u>	<u>2,487</u>	<u>2,487</u>
 Total Revenues	 <u>638,002</u>	 <u>653,610</u>	 <u>15,608</u>
 EXPENDITURES			
Treasurer fees	8,944	8,946	(2)
2014 Bonds - Principal	1,160,000	1,024,000	136,000
2014 Bonds -Interest	140,000	138,125	1,875
Trustee Fees	15,001	8,750	6,251
Regional ARI mill levy	<u>12,334</u>	<u>12,595</u>	<u>(261)</u>
 Total Expenditures	 <u>1,336,279</u>	 <u>1,192,416</u>	 <u>143,863</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (698,277)	 (538,806)	 159,471
 OTHER FINANCING SOURCES (USES)			
Development fees	<u>704,000</u>	<u>654,500</u>	<u>(49,500)</u>
 Total Other Financing Source (Uses)	 <u>704,000</u>	 <u>654,500</u>	 <u>(49,500)</u>
 CHANGE IN FUND BALANCE	 5,723	 115,694	 109,971
 FUND BALANCE:			
BEGINNING OF YEAR	<u>14,038</u>	<u>12,117</u>	<u>(1,921)</u>
END OF YEAR	<u>\$ 19,761</u>	<u>\$ 127,811</u>	<u>\$ 108,050</u>

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

Inspiration Metropolitan District (fka RockingHorse Metropolitan District No. 2)

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

For the Year Ended December 31, 2016

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES			
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>791</u>	<u>791</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 791</u>

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