

ABERDEEN METROPOLITAN DISTRICT NO. 1
Adams, Colorado

FINANCIAL STATEMENTS
December 31, 2016



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Independent Auditor's Report

Board of Directors
Aberdeen Metropolitan District No. 1

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Aberdeen Metropolitan District No. 1 as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Aberdeen Metropolitan District No. 1 as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

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

A handwritten signature in dark ink that reads "L. Paul Goedecke P.C." in a cursive, slightly stylized font.

L. Paul Goedecke, P.C.
July 6, 2017

BASIC FINANCIAL STATEMENTS

ABERDEEN METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2016

| | Governmental Activities |
|--------------------------------------|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 8,507 |
| Cash and investments - Restricted | 11,095 |
| Receivable - County Treasurer | 590 |
| Property taxes receivable | 100,025 |
| Prepaid expenses | 2,251 |
| Total assets | <u>122,468</u> |
| LIABILITIES | |
| Accounts payable | 14,799 |
| Noncurrent liabilities | |
| Due within one year | 209,002 |
| Due in more than one year | 12,694,041 |
| Total liabilities | <u>12,917,842</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Property tax revenue | 100,025 |
| Total deferred inflows of resources | <u>100,025</u> |
| NET POSITION | |
| Restricted for: | |
| Emergency reserves | 1,700 |
| Unrestricted | <u>(12,897,099)</u> |
| Total net position | <u><u>(12,895,399)</u></u> |

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

ABERDEEN METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u> |
|--|---------------------|---------------------------------------|---|---|--|
| | | <u>Charges for</u> <u>Services</u> | <u>Operating</u> <u>Grants and</u> <u>Contributions</u> | <u>Capital Grants</u> <u>and</u> <u>Contributions</u> | <u>Governmental</u> <u>Activities</u> |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 31,964 | \$ - | \$ - | \$ - | \$ (31,964) |
| Reimbursement agreement | 1,170,786 | - | - | - | (1,170,786) |
| Interest and related costs on long-term debt | 820,007 | - | - | - | (820,007) |
| | <u>\$ 2,022,757</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(2,022,757)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 100,179 |
| Specific ownership taxes | | | | | 8,251 |
| Net investment income | | | | | 433 |
| Total general revenues | | | | | <u>108,863</u> |
| Change in net position | | | | | (1,913,894) |
| Net position - Beginning | | | | | <u>(10,981,505)</u> |
| Net position - Ending | | | | | <u>\$ (12,895,399)</u> |

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

ABERDEEN METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|---|------------------|-------------------------|-----------------------------|---|
| ASSETS | | | | |
| Cash and investments | \$ 8,507 | \$ - | \$ - | \$ 8,507 |
| Cash and investments - Restricted | 10,716 | 379 | - | 11,095 |
| Receivable from County Treasurer | 292 | 298 | - | 590 |
| Property taxes receivable | 49,507 | 50,518 | - | 100,025 |
| Prepaid expenses | 2,251 | - | - | 2,251 |
| Total assets | <u>\$ 71,273</u> | <u>\$ 51,195</u> | <u>\$ -</u> | <u>\$ 122,468</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 14,249 | \$ 550 | \$ - | \$ 14,799 |
| Total liabilities | <u>14,249</u> | <u>550</u> | <u>-</u> | <u>14,799</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property tax revenue | 49,507 | 50,518 | - | 100,025 |
| Total deferred inflows of resources | <u>49,507</u> | <u>50,518</u> | <u>-</u> | <u>100,025</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid items | 2,251 | - | - | 2,251 |
| Restricted for: | | | | |
| Emergencies (TABOR) | 1,700 | - | - | 1,700 |
| Debt service - Series 2016 Bonds | - | 127 | - | 127 |
| Assigned: | | | | |
| Designated for subsequent year's expenditures | 1,403 | - | - | 1,403 |
| Unassigned: | | | | |
| General government | 2,163 | - | - | 2,163 |
| Total fund balances | <u>7,517</u> | <u>127</u> | <u>-</u> | <u>7,644</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 71,273</u> | <u>\$ 51,195</u> | <u>\$ -</u> | |

Amounts reported for governmental activities in the statement of net position are different because:

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

| | |
|---|------------------------|
| Bonds payable | (7,870,000) |
| Accrued bond interest payable | (3,819,670) |
| Developer advance | (30,647) |
| Accrued interest on developer advances | (417) |
| Wassenaar settlement agreement | (14,559) |
| Commerce City reimbursement agreement | (1,167,750) |
| Net position of governmental activities | <u>\$ (12,895,399)</u> |

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

ABERDEEN METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|--|-----------------|-------------------------|-----------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 40,477 | \$ 50,595 | \$ - | \$ 91,072 |
| Property taxes - Commerce City GID | 3,036 | - | - | 3,036 |
| Property taxes - Wassenaar note | 6,071 | - | - | 6,071 |
| Specific ownership tax | 4,084 | 4,167 | - | 8,251 |
| Net investment income | 300 | 133 | - | 433 |
| Total revenues | <u>53,968</u> | <u>54,895</u> | <u>-</u> | <u>108,863</u> |
| EXPENDITURES | | | | |
| Accounting | 13,172 | - | - | 13,172 |
| County Treasurer's fees | 608 | 760 | - | 1,368 |
| County Treasurer's fee - Commerce City CID | 46 | - | - | 46 |
| County Treasurer's fee - Wassenaar note | 91 | - | - | 91 |
| Directors' fees | 1,100 | - | - | 1,100 |
| Insurance and bonds | 2,013 | - | - | 2,013 |
| Dues and licenses | 309 | - | - | 309 |
| Election | 4,971 | - | - | 4,971 |
| Legal | 9,679 | - | - | 9,679 |
| Miscellaneous | 28 | - | - | 28 |
| Payroll taxes | 84 | - | - | 84 |
| Debt service | | | | |
| Bond interest | - | 53,607 | - | 53,607 |
| Payment to Wassenaar | 5,980 | - | - | 5,980 |
| Payment to Commerce City | 3,036 | - | - | 3,036 |
| Repay Developer advance - interest | 4,405 | - | - | 4,405 |
| Repay Developer advance - principal | 30,595 | - | - | 30,595 |
| Paying agent fees | - | 550 | - | 550 |
| Capital expenditures | - | - | 1,170,786 | 1,170,786 |
| Total expenditures | <u>76,117</u> | <u>54,917</u> | <u>1,170,786</u> | <u>1,301,820</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | <u>(22,149)</u> | <u>(22)</u> | <u>(1,170,786)</u> | <u>(1,192,957)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Agreement - Commerce City - | | | | |
| Northern Infrastructure GID | - | - | 1,170,786 | 1,170,786 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>1,170,786</u> | <u>1,170,786</u> |
| NET CHANGE IN FUNDS BALANCES | (22,149) | (22) | - | (22,171) |
| FUND BALANCES - | | | | |
| BEGINNING OF YEAR | <u>29,666</u> | <u>149</u> | <u>-</u> | <u>29,815</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 7,517</u> | <u>\$ 127</u> | <u>\$ -</u> | <u>\$ 7,644</u> |

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

ABERDEEN METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

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

| | |
|---|-------------|
| Net changes in fund balances - Total governmental funds | \$ (22,171) |
|---|-------------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

| | |
|-------------------------------------|-------------|
| Commerce City agreement | (1,170,786) |
| Developer advance principal payment | 30,595 |
| Payment on Wassenaar agreement | 5,980 |
| Payment on Commerce City agreement | 3,036 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | |
|--|-----------|
| Accrued interest on bonds - Change in liability | (761,071) |
| Accrued interest on developer advances - Change in liability | 523 |

| | |
|---|------------------------------|
| Change in net position of governmental activities | <u><u>\$ (1,913,894)</u></u> |
|---|------------------------------|

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

ABERDEEN METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

| | Budgets | | Actual | Variance with |
|--|-----------------|--------------|----------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 40,450 | \$ 40,477 | \$ 40,477 | \$ - |
| Property taxes - Commerce City GID | 3,034 | 3,036 | 3,036 | - |
| Property taxes - Wassenaar note | 6,067 | 6,071 | 6,071 | - |
| Specific ownership tax | 3,960 | 4,100 | 4,084 | (16) |
| Net investment income | 40 | 330 | 300 | (30) |
| Total revenues | 53,551 | 54,014 | 53,968 | (46) |
| EXPENDITURES | | | | |
| Accounting | 10,000 | 12,000 | 13,172 | (1,172) |
| Audit | - | - | - | - |
| Contingency | 27,392 | 3,942 | - | 3,942 |
| County Treasurer's fees | 607 | 608 | 608 | - |
| County Treasurer's fee - Commerce City CID | 46 | 46 | 46 | - |
| County Treasurer's fee - Wassenaar note | 91 | 91 | 91 | - |
| Directors' fees | - | - | 1,100 | (1,100) |
| Election | 1,000 | 4,971 | 4,971 | - |
| Insurance and bonds | 2,500 | 2,013 | 2,013 | - |
| Dues and licenses | 400 | 309 | 309 | - |
| Legal | 9,000 | 10,000 | 9,679 | 321 |
| Miscellaneous | - | 50 | 28 | 22 |
| Payroll taxes | - | - | 84 | (84) |
| Repay Developer advance - interest | - | 4,404 | 4,405 | (1) |
| Repay Developer advance - principal | - | 30,596 | 30,595 | 1 |
| Payment to Wassenaar | 5,976 | 5,980 | 5,980 | - |
| Payment to Commerce City GID | 2,988 | 2,990 | 3,036 | (46) |
| Total expenditures | 60,000 | 78,000 | 76,117 | 1,883 |
| EXCESS OF REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | (6,449) | (23,986) | (22,149) | 1,837 |
| FUND BALANCES - | | | | |
| BEGINNING OF YEAR | 31,042 | 29,666 | 29,666 | - |
| FUND BALANCES - END OF YEAR | \$ 24,593 | \$ 5,680 | \$ 7,517 | \$ 1,837 |

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

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - DEFINITION OF REPORTING ENTITY

Aberdeen Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County issued on November 30, 2000, and recorded on December 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Commerce City (City) on September 15, 2003. The District's service area is located in Adams County, Colorado, entirely within the City. The District was established to provide financing for the acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

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

The District amended its annual budget for the year ended December 31, 2016.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

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

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 certified to the County Commissioners by the District's Board of Directors on or before December 15 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.

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

Capital Assets

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

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets component of the District's net position.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Facilities Fees

Facility fees are charged against properties within the District. The facility fee is due at the time of issuance of a building permit. The District records the facility fees as revenue when received. As of December 31, 2016, the following fees are imposed:

| Property Type | Facility Fees |
|-----------------------------|---|
| Nonresidential (industrial) | \$2,000 per water EQR |
| Nonresidential (commercial) | \$.50 per square foot building construction |
| Residential (single family) | \$2,000 per dwelling unit |
| Residential (multi-family) | \$1,000 per dwelling unit |

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 government has only one item that qualifies for reporting in this category. Accordingly, the item, *property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amounts become available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted – this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.
- Unrestricted – the component of net position that does not meet the definitions above.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by 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* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

| | |
|-----------------------------------|-------------------------|
| Cash and investments | \$ 8,507 |
| Cash and investments - Restricted | <u>11,095</u> |
| Total cash and investments | <u><u>\$ 19,602</u></u> |

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

| | |
|--------------------------------------|-------------------------|
| Deposits with financial institutions | \$ 317 |
| Investments | <u>19,285</u> |
| Total cash and investments | <u><u>\$ 19,602</u></u> |

Deposits with Financial Institutions

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

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

At December 31, 2016, the District's cash deposits had a bank balance of \$317 and a carrying balance of \$317.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

Fair Value Measurement and Application

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; and 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.

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

| Investment | Maturity | Balance |
|--|-----------------------------------|------------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted average under 60 days | <u>\$ 19,285</u> |

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2016:

| | Balance at December 31, 2015 | Additions | Retirements | Balance at December 31, 2016 | Due Within One Year |
|---|------------------------------------|---------------------|------------------|------------------------------------|---------------------------|
| General Obligation Bonds | | | | | |
| Series 2005 | \$ 3,915,000 | \$ - | \$ - | \$ 3,915,000 | \$ 200,000 |
| Accrued interest-Series 2005 | 2,084,961 | 445,030 | 53,607 | 2,476,384 | - |
| Subordinate Series 2006 | 3,955,000 | - | - | 3,955,000 | - |
| Accrued interest-Series 2006 | 973,638 | 369,648 | - | 1,343,286 | - |
| Developer advance payable | 61,242 | - | 30,595 | 30,647 | - |
| Accrued interest - developer advance | 940 | 3,882 | 4,405 | 417 | - |
| Settlement Agreement - A.G. Wassenaar | 20,539 | | 5,980 | 14,559 | 5,971 |
| Reimbursement Agreement - Commerce City - Northern Infrastructure GID | - | 1,170,786 | 3,036 | 1,167,750 | 3,031 |
| | <u>\$ 11,011,320</u> | <u>\$ 1,989,346</u> | <u>\$ 97,623</u> | <u>\$ 12,903,043</u> | <u>\$ 209,002</u> |

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2005 (2005 Bonds), were issued on December 16, 2005, in the original amount of \$3,915,000. The proceeds of such debt were used for issuance costs, capitalized interest, and to fund the cost of eligible public infrastructure improvements or to reimburse the Developer for the advancement of those funds, to the extent possible.

The 2005 Bonds bear interest at a rate of 7.50%. The 2005 Bonds are term bonds due on December 1, 2035, with mandatory redemption principal payments starting at \$10,000 on December 1, 2014, and increasing annually thereafter. Interest is payable semi-annually on June 1 and December 1. Principal is payable on December 1 per the mandatory sinking fund payment schedule over 30 years with a final maturity on December 1, 2035. The 2005 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2007, and on any date thereafter, upon payment of the principal amount of the bonds being redeemed plus accrued interest to the redemption date, without redemption premium.

Subordinate General Obligation Convertible Capital Appreciation Bonds, Series 2006 (2006 Bonds) were issued on December 28, 2006, in the initial principal amount of \$2,569,366. The proceeds from the sale of the 2006 Bonds were used for the purposes of: (i) paying a portion of the costs of capital infrastructure improvements or reimbursing the Developer for the advancement of those costs, to the extent of available proceeds; and (ii) paying costs of issuance of the Bonds.

The 2006 Bonds were issued as accretion bonds, convertible to current interest bonds on December 15, 2012. Interest on the 2006 Bonds accrues from their date of issuance and compounds on December 15, 2007, and on each December 15 thereafter - to and including December 15, 2012. Such compounded interest constitutes accreted interest, and bears additional interest at the interest rate borne by the 2006 Bonds. The 2006 Bonds are assumed

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

to accrete, compound and bear interest at a rate of 7.50%. Upon conversion to current interest bonds on December 15, 2012, bond interest is payable annually on December 15, commencing on December 15, 2013. The 2006 Bonds can be called on December 15, 2012. Annual principal payments are due on December 15 of each year, with a final maturity on December 15, 2036.

The 2005 Bonds and the 2006 Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, specific ownership taxes allocable to the Required Mill Levy, Facilities Fees and any other legally available moneys of the District credited to the Bond Fund. The Required Mill Levy is defined in the 2005 Bond Resolution as a mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of and interest on the Series 2005 Bonds but not in excess of 50 mills, and for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 30 mills, as adjusted for changes in the method of calculating assessed valuation after the date of approval of the Service Plan. The maximum required mill levy is not adjustable. The minimum mill levy as currently adjusted is 30 mills. The 2005 Bond Resolution does not allow the maximum mill levy to be adjusted for changes in the method of calculating assessed valuation and is capped at 50 mills. Once the Debt to Assessed Ratio on total debt issued is 50% or less, the mill levy may be imposed in an amount sufficient to pay debt service on the 2005 Bonds and the 2006 Bonds without limitation of rate.

A Surplus Fund was established as additional security for the 2005 Bonds and will be used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The Surplus Fund will be funded up to a maximum amount of \$400,000, solely from available Pledged Revenue that is not required to pay the principal or interest on the 2005 Bonds. The surplus fund will be maintained until the Debt to Assessed Ratio is 50% or less, after which any balances remaining in the Surplus Fund will be transferred to the District for application to any lawful purpose.

At December 31, 2016, the amount in the Surplus Fund was \$0, and the Debt to Assessed Ratio on General Obligation Debt was 779%. Currently, pledged revenue of the District is not sufficient to pay when due the debt service requirements with respect to the Bonds. For so long as the District levies the Maximum Required Mill Levy, the inability of the District to pay the debt service requirements with respect to the Bonds when they come due does not constitute an event of default. To the extent principal of any Bond is not paid when due, such principal will remain outstanding until paid, and to the extent interest on any Bond is not paid when due, such interest will compound semiannually on each interest payment date at the interest rate borne by such Bond.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The District's 2005 Bonds matures as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|---------------------|---------------------|
| 2017 | \$ 200,000 | \$ 283,875 | \$ 483,875 |
| 2018 | 80,000 | 278,625 | 358,625 |
| 2019 | 90,000 | 272,625 | 362,625 |
| 2020 | 100,000 | 265,875 | 365,875 |
| 2021 | 110,000 | 258,375 | 368,375 |
| 2022-2026 | 750,000 | 1,148,250 | 1,898,250 |
| 2027-2032 | 1,190,000 | 806,625 | 1,996,625 |
| 2033-2035 | 1,395,000 | 271,875 | 1,666,875 |
| | <u>\$ 3,915,000</u> | <u>\$ 3,586,125</u> | <u>\$ 7,501,125</u> |

Settlement Agreement – A.G. Wassenaar

On November 13, 2009, the District entered into a settlement agreement with A.G. Wassenaar, Inc. (AGW). The District agreed to pay AGW \$56,000 on or before December 31, 2018, for construction observation services provided to the District by AGW. The settlement agreement is not a multiple fiscal year obligation and is subject to annual budget and appropriations of the District. The District agreed to levy 6 mills annually and remit the net amount collected to AGW as payment toward the amount owed. During 2016, the District paid \$5,980 to AGW. The balance due on the settlement agreement at December 31, 2016, was \$14,559.

Reimbursement Agreement – Commerce City Northern Infrastructure GID

On June 10, 2008, the District entered into a reimbursement agreement with the Commerce City Northern Infrastructure General Improvement District (the GID). Pursuant to the reimbursement agreement the District agreed to finance a portion of the construction of 104th Avenue improvements (the Project). The GID agreed to advance and pay the entire Project cost, and the District agreed to reimburse the GID for its share of the Project cost upon completion. During 2016 the District's share of those costs was determined to be \$1,170,786. The reimbursement agreement is not a multiple fiscal year obligation and is subject to annual budget and appropriations of the District. In the event the District fails to appropriate sufficient funds in any given year to pay the annual reimbursement obligation, it may seek approval from the GID for consent to approve a deferral of that year's payment obligation. On December 7, 2015, the reimbursement agreement was amended. Under the amended agreement, the District agreed to levy 3 mills annually commencing in 2016 and remit the gross amount collected to the GID by December 1 as payment toward the amount owed. Commencing January 1, 2018, interest shall accrue on the outstanding amount at the rate of 5.5% per annum. Beginning with the payment due in 2019, the District shall increase its minimum annual reimbursement payments to the GID to 6 mills. During 2016, the District paid \$3,036 to the GID. The balance due on the reimbursement agreement at December 31, 2016, was \$1,167,750.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Developer Agreements

Collectively, Amber Development LLC and Aberdeen Crossing LLC are related parties and are referred to as the Developer. The District entered into an advance and reimbursement agreement dated December 31, 2004, with the Developer for advances of funds for organization costs, and operations, maintenance, and administrative costs. The interest rate is 7% per annum. Principal and interest is payable to the Developer from available monies not required otherwise for operations, capital improvements, or debt service. The obligation is subordinate to any District bonded indebtedness. The District intends to repay amounts owing on this agreement from available District revenue to the extent such revenues are not needed for operations and maintenance or are not pledged for District obligations. At December 31, 2016, the amount due to the Developer under this agreement was \$31,064, which includes \$417 of accrued interest.

Debt Authorization

On November 5, 2003, a majority of the qualified electors of the District authorized the issuance of general obligation bonds totaling \$90,200,000 in principal at a rate not to exceed 18%. At December 31, 2016, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Authorized November 5, 2003 Election | Authorization Used | | Remaining at December 31, 2016 |
|-----------------------------|---|------------------------------|------------------------------|---|
| | | Series 2005 Bonds | Series 2006 Bonds | |
| Water | \$ 3,932,000 | \$ 2,846,000 | \$ 1,086,000 | \$ - |
| Parks and recreation | 10,535,000 | - | - | 10,535,000 |
| Operations and maintenance | 200,000 | - | - | 200,000 |
| Sanitary sewer | 7,548,000 | 127,000 | - | 7,421,000 |
| Streets | 13,810,000 | 942,000 | 2,869,000 | 9,999,000 |
| Traffic and safety controls | 1,900,000 | - | - | 1,900,000 |
| Public transportation | 3,828,000 | - | - | 3,828,000 |
| Television relay | 1,532,000 | - | - | 1,532,000 |
| Mosquito control | 1,915,000 | - | - | 1,915,000 |
| Debt refunding | 45,000,000 | - | - | 45,000,000 |
| | <u>\$ 90,200,000</u> | <u>\$ 3,915,000</u> | <u>\$ 3,955,000</u> | <u>\$ 82,330,000</u> |

The District's Service Plan limits the cost of public improvements which may be financed by the District to \$33,322,659, which includes \$7,656,825 if and when the District participates in the off-site widening of 104th Avenue. In future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - NET POSITION

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

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2016, as follows:

| | Governmental Activities |
|--------------------------|------------------------------------|
| Restricted net position: | |
| Emergency reserve | \$ 1,700 |
| | <u>\$ 1,700</u> |

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District's has a deficit in unrestricted net position. This deficit amount was the result of the District being responsible for the financing and repayment of debt issued for the construction of public improvements, were dedicated to other entities for ownership and maintenance.

NOTE 6 - RELATED PARTIES

Members of the Board of Directors of the District are employees of, owners of, or associated with the Developer (see Note 4), and may have conflicts of interest in dealing with the District.

NOTE 7 - RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2016. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, workers compensation and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

ABERDEEN METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - TAX, SPENDING AND DEBT LIMITATIONS

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

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.

On November 4, 2003, the District voters passed an election question to increase property taxes \$100,000 annually, without limitation of rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

ABERDEEN METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|---------------------------|---|
| REVENUES | | | |
| Property taxes | \$ 50,562 | \$ 50,595 | \$ 33 |
| Specific ownership taxes | 4,040 | 4,167 | 127 |
| Net investment income | 30 | 133 | 103 |
| Other income | 1,000 | - | (1,000) |
| Total revenues | <u>55,632</u> | <u>54,895</u> | <u>(737)</u> |
| EXPENDITURES | | | |
| County Treasurer's fee | 758 | 760 | (2) |
| Bond interest expense | 54,343 | 53,607 | 736 |
| Paying agent fees | 300 | 550 | (250) |
| Contingency | 1,000 | - | 1,000 |
| Total expenditures | <u>56,401</u> | <u>54,917</u> | <u>1,484</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (769) | (22) | 747 |
| FUND BALANCES - BEGINNING OF YEAR | <u>769</u> | <u>149</u> | <u>(620)</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ -</u></u> | <u><u>\$ 127</u></u> | <u><u>\$ 127</u></u> |

ABERDEEN METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

| | Budgets | | Actual | Variance with |
|---------------------------------------|-----------------|--------------|----------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| Street improvements | - | 1,170,786 | 1,170,786 | - |
| Total expenditures | - | 1,170,786 | 1,170,786 | - |
| EXCESS OF REVENUES OVER | | | | |
| (UNDER) EXPENDITURES | - | (1,170,786) | (1,170,786) | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Agreement - Commerce City - | | | | |
| Northern Infrastructure GID | - | 1,170,786 | 1,170,786 | - |
| Total other financing sources (uses) | - | 1,170,786 | 1,170,786 | - |
| EXCESS OF REVENUES AND OTHER | | | | |
| FINANCING SOURCES OVER | | | | |
| (UNDER) EXPENDITURES | | | | |
| AND OTHER FINANCING (USES) | - | - | - | - |
| FUND BALANCES - BEGINNING | | | | |
| OF YEAR | - | - | - | - |
| FUND BALANCES - END OF YEAR | \$ - | \$ - | \$ - | \$ - |

ABERDEEN METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

| \$3,915,000 | | |
|---|---------------------------------|---------------------|
| Limited Tax Convertible to Unlimited | | |
| Tax Bonds Dated December 16, 2005 | | |
| Series 2005 | | |
| Interest Rate of 7.50% | | |
| Payable June 1 and December 1 | | |
| Year Ending | Principal Due December 1 | |
| December 31, | Principal | Interest |
| 2017 | \$ 200,000 | \$ 283,875 |
| 2018 | 80,000 | 278,625 |
| 2019 | 90,000 | 272,625 |
| 2020 | 100,000 | 265,875 |
| 2021 | 110,000 | 258,375 |
| 2022 | 125,000 | 250,125 |
| 2023 | 135,000 | 240,750 |
| 2024 | 150,000 | 230,625 |
| 2025 | 160,000 | 219,375 |
| 2026 | 180,000 | 207,375 |
| 2027 | 195,000 | 193,875 |
| 2028 | 220,000 | 179,250 |
| 2029 | 235,000 | 162,750 |
| 2030 | 260,000 | 145,125 |
| 2031 | 280,000 | 125,625 |
| 2032 | 310,000 | 104,625 |
| 2033 | 330,000 | 81,375 |
| 2034 | 365,000 | 56,625 |
| 2035 | 390,000 | 29,250 |
| | <u>\$ 3,915,000</u> | <u>\$ 3,586,125</u> |

NOTE:

The interest on this schedule reflects interest due on the District's original maturity schedule. In prior years, \$130,000 of principal due on the Series 2005 Bonds was not paid and has been added to the principal due on December 1, 2017. At December 31, 2016, \$600,000 of interest was unpaid on the Series 2005 Bonds. Current assessed valuation of the District is insufficient to meet the debt service requirements for the Series 2005 Bonds. See Note 4.

No annual debt service schedule for the Series 2006 Subordinate Limited Tax General Obligation Bonds is provided because amounts are payable from subordinate pledged revenue, which may or may not be sufficient to make debt service payments when due. At December 31, 2016, accrued and unpaid interest on the Series 2006 Subordinate Bonds totaled \$600,000.

ABERDEEN METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2016

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | Total Property Taxes | | Percentage Collected to Levied |
|--|---|-------------------------------|-------------------------|-----------------------------|------------------|---|
| | | General Operations | Debt Service | Levied | Collected | |
| 2012 | \$ 1,025,330 | 49.000 (1) | 50.000 | \$ 101,508 | \$ 94,581 | 93.18% |
| 2013 | \$ 1,032,790 | 49.000 (1) | 50.000 | \$ 102,247 | \$ 109,320 | 106.92% |
| 2014 | \$ 985,880 | 49.000 (1) | 50.000 | \$ 97,602 | \$ 97,590 | 99.99% |
| 2015 | \$ 988,560 | 49.000 (1) | 50.000 | \$ 97,867 | \$ 97,919 | 100.05% |
| 2016 | \$ 1,011,240 | 49.000 (2) | 50.000 | \$ 100,113 | \$ 100,179 | 100.07% |
| Estimated for year ending December 31, 2017 | \$ 1,010,360 | 49.000 (2) | 50.000 | \$ 100,025 | | |

(1) - General Operations mills levied include 6 mills levied annually for Wassenaar Agreement.

(2) - General Operations mills levied include 6 mills levied annually for Wassenaar Agreement and 3 mills levied annually for the GID Agreement.

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.