

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
Arapahoe County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2016



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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tollgate Crossing Metropolitan District No. 2
Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tollgate Crossing Metropolitan District No. 2 as of and for the year 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

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 Tollgate Crossing Metropolitan District No. 2, as of December 31, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tollgate Crossing Metropolitan District No. 2's basic financial statements. The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, for the Debt Service and Capital Replacement Funds (the Supplemental Information) and the Summary of Assessed Valuation, Mill Levy and Property Taxes Collected and the Schedule of Debt Service Requirements to Maturity (the Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Daggio & Associates, P.C.

July 5, 2017

BASIC FINANCIAL STATEMENTS

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2016

ASSETS

Cash deposits - unrestricted	\$ 633,924
Cash deposits - restricted	805,405
Cash with County Treasurer	8,484
Property taxes receivable	1,613,117
Accounts receivable	88,595
Prepaid expenses	23,489
Capital assets, not being depreciated	774,680
Capital assets, net of accumulated depreciation	1,029,943
Total assets	4,977,637

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding, net	710,523
Total deferred outflows of resources	710,523

LIABILITIES

Accounts payable	38,952
Prepaid assessments	15,358
Accrued interest payable	31,372
Noncurrent liabilities:	
Due within one year	720,000
Due in more than one year	12,725,000
Total liabilities	13,530,682

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	1,613,117
Total deferred inflows of resources	1,613,117

NET POSITION

Net investment in capital assets	1,804,623
Restricted for emergencies	27,000
Restricted for debt service	781,678
Unrestricted	(12,068,940)
Total net position	\$ (9,455,639)

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

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 840,662	\$ 6,790	\$ 3,820	\$ -	\$ (830,052)
Interest and fiscal charges	471,858	-	-	-	(471,858)
	<u>\$ 1,312,520</u>	<u>\$ 6,790</u>	<u>\$ 3,820</u>	<u>\$ -</u>	<u>(1,301,910)</u>

General revenues:

Property taxes	1,515,684
Specific ownership taxes	116,205
General operations and recreation fee	725,017
Miscellaneous	1,660
Net investment income	654
Total general revenues	<u>2,359,220</u>

Change in net position

Net position - Beginning	(10,512,949)
Net position - Ending	<u>\$ (9,455,639)</u>

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

**TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

	General	Debt Service	Capital Replacement	Total Governmental Funds
ASSETS				
Cash deposits - unrestricted	\$ 349,717	\$ -	\$ 284,207	\$ 633,924
Cash deposits - restricted	-	805,405	-	805,405
Cash with County Treasurer	839	7,645	-	8,484
Property tax receivable	149,971	1,463,146	-	1,613,117
Accounts receivable - fees	88,595	-	-	88,595
Prepaid expense	23,489	-	-	23,489
TOTAL ASSETS	\$ 612,611	\$ 2,276,196	\$ 284,207	\$ 3,173,014
LIABILITIES				
Accounts payable	\$ 38,952	\$ -	\$ -	\$ 38,952
Deferred revenue	51,975	-	-	51,975
Prepaid assessments	15,358	-	-	15,358
Total liabilities	106,285	-	-	106,285
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	149,971	1,463,146	-	1,613,117
Total deferred inflows of resources	149,971	1,463,146	-	1,613,117
FUND BALANCES				
Nonspendable for prepaid items	23,489	-	-	23,489
Spendable:				
Restricted for emergencies	27,000	-	-	27,000
Restricted for debt service	-	813,050	-	813,050
Assigned for subsequent year's expenditures	19,150	-	-	19,150
Assigned for capital projects	-	-	284,207	284,207
Unassigned	286,716	-	-	286,716
Total fund balances	356,355	813,050	284,207	1,453,612
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 612,611	\$ 2,276,196	\$ 284,207	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Deferred loss on refunding, net	710,523
Capital assets, net of accumulated depreciation	1,804,623
	2,515,146

Revenue deferred in the fund statements because it is not available to pay for the current period expenditures is earned in the government-wide statements.

51,975

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Notes payable	(13,445,000)
Accrued interest payable	(31,372)
	(13,476,372)

Net position of governmental activities

\$ (9,455,639)

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

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Replacement</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 149,967	\$ 1,365,717	\$ -	\$ 1,515,684
Specific ownership tax	11,498	104,707	-	116,205
General operation fees	577,587	-	-	577,587
Recreation fees	109,472	-	-	109,472
Penalties and fees	28,344	-	-	28,344
Clubhouse rental	6,790	-	-	6,790
Net investment income	95	559	-	654
Grants	3,820	-	-	3,820
Other	172	-	-	172
Lot sales - Phase 6B	6,432	-	-	6,432
Total revenues	<u>894,177</u>	<u>1,470,983</u>	<u>-</u>	<u>2,365,160</u>
EXPENDITURES				
Current				
Accounting and audit	18,700	-	-	18,700
Legal	16,551	-	-	16,551
Legal - collections	10,527	-	-	10,527
Management fees	42,348	-	-	42,348
Other assessment costs	27,439	-	-	27,439
Insurance	18,337	-	-	18,337
Landscape maintenance and projects	300,187	-	-	300,187
Snowplowing	23,333	-	-	23,333
Bank fees	3,493	-	-	3,493
Miscellaneous	2,189	-	-	2,189
Utilities	184,795	-	-	184,795
Clubhouse maintenance	51,165	-	-	51,165
Pool services	50,747	-	-	50,747
Pool repairs and maintenance	17,647	-	-	17,647
Holiday lighting	6,643	-	-	6,643
County Treasurer's fees	2,250	20,494	-	22,744
Debt service				
Bond principal	-	700,000	-	700,000
Bond interest	-	396,060	-	396,060
Paying agent fees	-	500	-	500
Total expenditures	<u>777,075</u>	<u>1,117,054</u>	<u>-</u>	<u>1,894,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>117,102</u>	<u>353,929</u>	<u>-</u>	<u>471,031</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	1,488	-	-	1,488
Transfers in	-	-	100,000	100,000
Transfers out	(100,000)	-	-	(100,000)
Total other financing sources (uses)	<u>(98,512)</u>	<u>-</u>	<u>100,000</u>	<u>1,488</u>
NET CHANGE IN FUND BALANCE	18,590	353,929	100,000	472,519
FUND BALANCES - BEGINNING OF YEAR	337,765	459,121	184,207	981,093
FUND BALANCES - END OF YEAR	<u>\$ 356,355</u>	<u>\$ 813,050</u>	<u>\$ 284,207</u>	<u>\$ 1,453,612</u>

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

**TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
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**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ 472,519</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.	
Change in deferred assessments	<u>9,614</u>
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	<u>(62,653)</u>
Long-term debt (e.g. bonds, loans) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and gains/losses on refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal payment	700,000
Amortization of deferred loss on refunding	<u>(56,437)</u>
	<u>643,563</u>
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.	
Change in accrued interest payable	1,633
Gross proceeds from the sale of lots held for resale	(6,432)
Fees on the sale of lots held for resale	<u>(934)</u>
	<u>(5,733)</u>
Change in net position - Governmental activities	<u><u>\$ 1,057,310</u></u>

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

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 149,982	\$ 149,967	\$ (15)
Specific ownership taxes	9,749	11,498	1,749
General operation fees	545,734	577,587	31,853
Recreation fees	105,408	109,472	4,064
Penalties and fees	24,000	28,344	4,344
Clubhouse rental	4,000	6,790	2,790
Other	-	172	172
Net investment income	50	95	45
Insurance proceeds	-	1,488	1,488
Grants	-	3,820	3,820
Lot sales - Phase 6B	-	6,432	6,432
Total Revenues	<u>838,923</u>	<u>895,665</u>	<u>56,742</u>
EXPENDITURES			
Accounting and audit	19,000	18,700	300
Legal	15,000	16,551	(1,551)
Legal - collections	30,000	10,527	19,473
Legal - Phase 6A and 6B	5,000	-	5,000
Professional fees - Phase 6B	5,000	-	5,000
Management fees	45,000	41,948	3,052
Management fees - special	4,000	400	3,600
Other assessment costs	27,820	27,439	381
Insurance	17,000	18,337	(1,337)
Election	25,000	724	24,276
Engineering	2,000	-	2,000
Landscape maintenance	128,000	128,645	(645)
Landscape projects	107,000	118,108	(11,108)
Irrigation repair and maintenance	50,000	53,434	(3,434)
Snowplowing	30,000	23,333	6,667
Bank fees	5,000	3,493	1,507
Miscellaneous	-	2,189	(2,189)
Utilities	226,000	184,795	41,205
Clubhouse maintenance	30,000	51,165	(21,165)
Pool services	48,000	50,747	(2,747)
Pool repairs and maintenance	44,000	17,647	26,353
Holiday lighting	7,500	6,643	857
County Treasurer's fees	2,250	2,250	-
Total Expenditures	<u>872,570</u>	<u>777,075</u>	<u>95,495</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(33,647)</u>	<u>118,590</u>	<u>152,237</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(133,647)	18,590	152,237
FUND BALANCE - BEGINNING OF YEAR	286,625	337,765	51,140
FUND BALANCE - END OF YEAR	<u>\$ 152,978</u>	<u>\$ 356,355</u>	<u>\$ 203,377</u>

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

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 – DEFINITION OF REPORTING ENTITY

Tollgate Crossing Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide for the design, acquisition, construction, installation and financing of water, sanitation, streets, traffic, safety control and park and recreation facilities.

The District was organized concurrently with Tollgate Crossing Metropolitan District No. 1. In May 2008, District No. 1 was dissolved and its assets, liabilities and fund balances were transferred to District No. 2.

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

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.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and assessment revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District being 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.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and general operations and recreation assessments. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 general obligation debt of the governmental funds.

The Capital Replacement Fund accounts for the resources accumulated for capital replacement as determined by the Board of Directors.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the Local Government Budget Law of Colorado, 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

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Supplementary appropriations were approved by the District for the General Fund.

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 funds' average equity balance in total cash.

Capital Assets

Capital assets, which include landscaping, pool and clubhouse, fencing, etc. are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Improvements not conveyed either to the City of Aurora or other governmental entities for ownership and maintenance, are owned and maintained by the District.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Pool and clubhouse	10-30 years	Fencing	20 years
Irrigation systems	10 years	Entrance bridge	30 years
Detention pond	30 years		

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 set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the 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.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

General Operation and Recreation Fees

The District charges a general operations fee in the amount of \$40 per month per platted lot to pay costs associated with the day-to-day operational requirements of the District. A recreation fee in the amount of \$8 per month per residential unit is charged to pay costs associated with the District's recreation facilities. Due to the broad collection powers of the District, no allowance for uncollectible accounts has been established.

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

The preparation of financial statements in conformity with generally accepted account principles in the United States requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaid items) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 – CASH DEPOSITS

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

Cash deposits – Unrestricted	\$ 633,924
Cash deposits – Restricted	<u>805,405</u>
	<u>\$ 1,439,329</u>

Cash deposits as of December 31, 2016 consist of the following:

Deposits with financial institutions	\$ <u>1,439,329</u>
--------------------------------------	---------------------

Cash Deposits – Custodial Credit Risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. 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 (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 – CASH DEPOSITS (CONTINUED)

At December 31, 2016, the District's cash deposits had a bank balance of \$1,530,760 and carrying balance of \$1,439,329 which were partially insured by federal depository insurance with the remainder collateralized by PDPA.

Investments

The District's formal investment policy is to follow Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

The District generally limits its concentration of investments to Local Government Investment Pools which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

Investment Valuation

The District may have certain investments which are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

At December 31, 2016, the District had no investments.

Restricted Cash Deposits

At December 31, 2016, cash deposits in the amount of \$805,405 are restricted for debt service. \$250,000 of the restricted cash in the Debt Service Fund is the reserve required by the bond documents (see Note 5).

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance at December 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2016</u>
Capital assets, not being depreciated:				
Landscaping	\$ 774,680	\$ -	\$ -	\$ 774,680
Total capital assets, not being depreciated	<u>774,680</u>	<u>-</u>	<u>-</u>	<u>774,680</u>
Capital assets, being depreciated:				
Pool and clubhouse	1,237,345	-	-	1,237,345
Irrigation systems	340,685	-	-	340,685
Detention pond	17,720	-	-	17,720
Fencing	176,438	-	-	176,438
Entrance bridge	345,193	-	-	345,193
Total capital assets, being depreciated	<u>2,117,381</u>	<u>-</u>	<u>-</u>	<u>2,117,381</u>
Less accumulated depreciation for:				
Pool and clubhouse	(433,069)	(41,734)	-	(474,803)
Irrigation systems	(340,685)	-	-	(340,685)
Detention pond	(7,089)	(590)	-	(7,679)
Fencing	(105,863)	(8,822)	-	(114,685)
Entrance bridge	(138,079)	(11,507)	-	(149,586)
	<u>(1,024,785)</u>	<u>(62,653)</u>	<u>-</u>	<u>(1,087,438)</u>
Total capital assets, being depreciated, net	<u>1,092,596</u>	<u>(62,653)</u>	<u>-</u>	<u>1,029,943</u>
Capital assets, net	<u>\$ 1,867,276</u>	<u>\$ (62,653)</u>	<u>\$ -</u>	<u>\$ 1,804,623</u>

Depreciation expense is charged to the general government function.

NOTE 5 – LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2015</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
G.O. Refunding Notes - 2012A	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000	\$ -
G.O. Refunding Notes - 2012B	4,145,000	-	700,000	3,445,000	720,000
	<u>\$ 14,145,000</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 13,445,000</u>	<u>\$ 720,000</u>

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Refunding Notes, Series 2012A and 2012B

On August 29, 2012 the District entered into a Tax-Free Loan in the principal amount of \$16,130,000 with Colorado Business Bank, to refund and pay the Limited Tax G.O. Bonds, Series 2004 Bonds in the principal amount of \$14,340,225. The Tax-Free Loan is evidenced by the issuance of the General Obligation Refunding Notes Series 2012A (2012A Notes) in the principal amount of \$10,000,000 and the Taxable Convertible to Tax-Exempt General Obligation Refunding Notes, Series 2012B (2012B Notes) in the principal amount of \$6,130,000. On January 1, 2013, the Series 2012B Notes converted to Tax-Exempt.

The 2012A Notes bear interest of 2.8% from the date of issuance to November 30, 2020 and thereafter until maturity at a rate of the sum of 3.5% plus USD 7 year LIBOR Swap Rate times 65%. The 2012A Notes are subject to redemption or prepayment prior to maturity, at the option of the District, in whole or in part, on any date, upon payment of part and accrued interest plus a redemption premium as further described in the First Sale Certificate. The Series 2012A Notes are subject to mandatory sinking fund redemption prior to maturity on December 1, 2021 and each December 1 thereafter to December 1, 2031 in varying amounts. The final maturity on the 2012A Notes is December 1, 2032.

The 2012B Notes bear interest of 2.8% from the tax-exempt reissuance date of January 1, 2013 to November 30, 2020 and thereafter until maturity at a rate of the sum of 3.5% plus USD 7 year LIBOR Swap Rate times 65%. The 2012B Notes are subject to redemption or prepayment prior to maturity, at the option of the District, in whole or in part, on any date, upon payment of part and accrued interest plus a redemption premium as further described in the First Sale Certificate. The Series 2012B Notes are subject to mandatory sinking fund redemption prior to maturity on December 1, 2013 and each December 1 thereafter to December 1, 2020, in varying amounts. The final maturity on the 2012B Notes is December 1, 2021.

The District is required to establish and maintain a reserve fund of \$250,000 for the 2012A and 2012B Notes. At December 31, 2016, the District was in compliance with the reserve requirement.

The 2012A and 2012 B Notes are payable from pledged revenue, which includes the District's covenant to levy a mill levy on all taxable property within the District sufficient to pay for debt scheduled payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the debt service mill levy without limitation.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

The District's long-term obligations will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 720,000	\$ 376,460	\$ 1,096,460
2018	740,000	356,300	1,096,300
2019	760,000	335,580	1,095,580
2020	785,000	314,300	1,099,300
2021	645,000	502,164	1,147,164
2022-2026	3,735,000	2,013,226	5,748,226
2027-2031	4,725,000	1,024,049	5,749,049
2032	1,335,000	64,213	1,399,213
	<u>\$ 13,445,000</u>	<u>\$ 4,986,292</u>	<u>\$ 18,431,292</u>

NOTE 6 – DEBT AUTHORIZATION

On November 6, 2001, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$37,500,000 at an interest rate not to exceed 18% per annum.

	<u>Authorized November 6, 2001 Election</u>	<u>Authorization Used</u>	<u>Remaining at December 31, 2016</u>
Street improvements	\$ 10,000,000	\$ 7,292,108	\$ 2,707,892
Safety protection	500,000	-	500,000
Water improvements	1,000,000	1,000,000	-
Sanitation	3,500,000	3,500,000	-
Park and recreation	4,500,000	347,892	4,152,108
Operations	1,000,000	-	1,000,000
Refunding	17,000,000	16,130,000	870,000
	<u>\$ 37,500,000</u>	<u>\$ 28,270,000</u>	<u>\$ 9,230,000</u>

In the 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; however, the amount and timing of any debt issuances in not determinable.

NOTE 7 - FUND EQUITY

At December 31, 2016, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$27,000 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (Note 10).

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 7 - FUND EQUITY (CONTINUED)

The restricted fund balance in the Debt Service Fund in the amount of \$813,050 is to be used exclusively for debt service requirements (see Note 5).

NOTE 8 - NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets, net of accumulated depreciation is intended to reflect the portion of net position that is associated with non-liquid, capital assets. As of December 31, 2016, net investment in capital assets was \$1,804,623.

Restricted net position include amounts 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:

Restricted net position:

Emergency reserves (see Note 10)	\$ 27,000
Debt Service	<u>781,678</u>
	<u><u>\$ 808,678</u></u>

The District's unrestricted net position at December 31, 2016 totaled (\$12,068,940). This deficit amount was a result of the District being responsible for repayment of debt issued for public improvements conveyed to other governmental entities.

NOTE 9 – CONTINGENCIES

Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., C.R.S. the District may be 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). 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, public officials' liability and workers compensation 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.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 – CONTINGENCIES (CONTINUED)

Filing 6A Revitalization

During 2012, the District proceeded to a foreclosure sale on several lots within the District which resulted in the District owning these lots. Concurrent with the foreclosure action, the District negotiated and entered into an agreement regarding the revitalization and acquisition of the property with Tollgate Lots, LLC, which agreement was subsequently amended on four occasions. The agreement provides, among other things, for Tollgate Lots, LLC to: 1) pay off the tax liens encumbering the lots; 2) pay related broker fees; 3) pay the District \$75,000 for landscape improvements and legal costs associated with the foreclosure; and 4) pay the District \$15,000 to offset the costs of professional fees. During 2012, the District received the \$15,000 of professional fees. During 2013, the District requisitioned the \$75,000 of landscaping funds and completed those improvements. As of December 31, 2013, all payments required under the agreement by Tollgate Lots, LLC had been received. In addition to these fees, the agreement provides that Tollgate Lots, LLC is to pay the District \$739.58 per lot as each of the 48 lots sells to a third party, plus an additional \$1 per lot. On November 15, 2012, as security against a breach of contract or agreement, the District issued an annually appropriated promissory note to Tollgate Lots, LLC in the amount of \$625,000. The promissory note has recourse only to the lots and is not considered to be a liability of the District. As of December 31, 2015, the District owned 10 lots. During 2016, the District sold the final 10 lots which completed the terms of the agreement including cancelling the promissory note in the amount of \$625,000.

Filing 6B Revitalization

On June 25, 2013, the District obtained ownership of additional lots through a second foreclosure action. Concurrent with the foreclosure action, the District negotiated and entered into a Purchase Agreement and Escrow Instructions (Purchase Agreement) which provides for the sale of the additional lots to Westside Tollgate, LLC, in exchange for the sale price of \$7,000 per lot. The sale closed on October 4, 2013. The District does not own any of the lots that were the subject of this Purchase Agreement.

Pursuant to the Purchase Agreement, the District agreed to reimburse Westside Tollgate, LLC, \$20,000 per lot for costs associated with public improvements, which total amount cannot exceed the aggregate of \$2,000,000, less the costs of issuance, reserve fund, capitalized interest and other fees. To memorialize this reimbursement, the District has approved, subject to finalization and acceptance of an exhibit describing the improvements to be constructed, an infrastructure acquisition and reimbursement agreement with Westside Tollgate, LLC.

On February 2, 2017, the District entered into a Tax-Free Loan in the principal amount of \$2,000,000 with Colorado Business Bank, to acquire certain public improvements constructed by Westside Tollgate, LLC for the benefit of the District and its residents. The Tax-Free Loan is evidenced by the issuance of the General Obligation Refunding Notes, Series 2017 (2017 Notes). The District reimbursed Westgate Tollgate, LLC on February 3, 2017 in full satisfaction of the Infrastructure Acquisition and Reimbursement Agreement dated October 4, 2013.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 – CONTINGENCIES (CONTINUED)

The 2017 Notes bear interest of 2.25% until maturity. The 2017 Notes are not subject to redemption or prepayment prior to maturity. The Series 2017 Notes are subject to mandatory sinking fund redemption prior to maturity on December 1, 2017 and each December 1 thereafter to December 1, 2021, in varying amounts. The final maturity on the 2017 Notes is December 1, 2021.

The District is required to establish and maintain a reserve fund of \$250,000 for the 2012A, 2012B and 2017 Notes.

The 2017 Notes are payable from pledged revenue, which includes the District's covenant to levy a mill levy on all taxable property within the District sufficient to pay for debt scheduled payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the debt service mill levy without limitation.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

On November 6, 2001, the District's electors approved the following ballot issues:

Shall District taxes be increased \$150,000 annually or by such lesser annual amount as may be necessary to pay the District's operations, maintenance, and other expenses: such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the Board, to be used for the purpose of paying the District's operations, maintenance, and other expenses: and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue changes and be collected and spent by the District in 2001 and in each year thereafter without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution or Section 29-1-301, Colorado Revised Statutes?

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Shall the District be authorized to collect, retain, and spend the amount of \$1,000,000 annually from any revenue sources other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants, or any other fee, rate toll, penalty, income or charge imposed, collected, or authorized by law to be imposed or collected by the District, and shall such revenues be collected and spent by the District as a voter approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District?

NOTE 11 – INTERFUND TRANSFERS

The Capital Replacement Fund received a transfer of \$100,000 from the General Fund to accumulate funds for capital replacement purposes.

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

SUPPLEMENTAL INFORMATION

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 1,365,854	\$ 1,365,717	\$ (137)
Specific ownership taxes	88,781	104,707	15,926
Net investment income	1,200	559	(641)
Total Revenues	<u>1,455,835</u>	<u>1,470,983</u>	<u>15,148</u>
EXPENDITURES			
County treasurer's fees	20,488	20,494	(6)
Bond principal	700,000	700,000	-
Bond interest	396,060	396,060	-
Paying agent fees	2,000	500	1,500
Total Expenditures	<u>1,118,548</u>	<u>1,117,054</u>	<u>1,494</u>
NET CHANGE IN FUND BALANCE	337,287	353,929	16,642
FUND BALANCE - BEGINNING OF YEAR	<u>467,359</u>	<u>459,121</u>	<u>(8,238)</u>
FUND BALANCE - END OF YEAR	<u>\$ 804,646</u>	<u>\$ 813,050</u>	<u>\$ 8,404</u>

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL REPLACEMENT FUND
Year Ended December 31, 2016

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Phase 6B Infrastructure	100,000	-	100,000
Total Expenditures	100,000	-	100,000
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	-
NET CHANGE IN FUND BALANCE	-	100,000	100,000
FUND BALANCE - BEGINNING OF YEAR	34,207	184,207	150,000
FUND BALANCE - END OF YEAR	\$ 34,207	\$ 284,207	\$ 250,000

OTHER INFORMATION

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2016

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General</u>	<u>Debt</u>	<u>Levied</u>	<u>Collected</u>	
2009	\$ 21,566,880	5.000	47.060	\$ 1,122,771	\$ 1,115,460	99.3%
2010	\$ 19,393,380	5.000	47.060	\$ 1,009,619	\$ 1,009,615	100.0%
2011	\$ 20,796,960	2.409 *	50.000	\$ 1,089,948	\$ 1,090,289	100.0%
2012	\$ 20,633,830	2.060	50.000	\$ 1,074,198	\$ 1,074,192	100.0%
2013	\$ 21,845,570	6.866	45.194	\$ 1,137,281	\$ 1,137,373	100.0%
2014	\$ 22,343,380	6.710	45.350	\$ 1,163,196	\$ 1,160,887	99.8%
2015	\$ 22,976,536	6.528	45.532	\$ 1,196,159	\$ 1,195,155	99.9%
2016	\$ 29,117,091	5.151	46.909	\$ 1,515,836	\$ 1,515,684	100.0%
Estimated for year ending December 31, 2017	\$ 30,985,716	4.840	47.220	\$ 1,613,117		

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

* Includes refund and abatement levy of .349.

TOLLGATE CROSSING METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

\$10,000,000

General Obligation Refunding Notes, Series 2012A

Dated August 29, 2012

Interest Rate of 2.8%

Principal Due December 1

Interest Due June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 280,000	\$ 280,000
2018	-	280,000	280,000
2019	-	280,000	280,000
2020	-	280,000	280,000
2021	205,000	481,000	686,000
2022	680,000	471,140	1,151,140
2023	710,000	438,431	1,148,431
2024	745,000	404,281	1,149,281
2025	780,000	368,446	1,148,446
2026	820,000	330,928	1,150,928
2027	860,000	291,486	1,151,486
2028	900,000	250,120	1,150,120
2029	940,000	206,830	1,146,830
2030	990,000	161,616	1,151,616
2031	1,035,000	113,997	1,148,997
2032	1,335,000	64,213	1,399,213
	<u>\$ 10,000,000</u>	<u>\$ 4,702,488</u>	<u>\$ 14,702,488</u>

(continued)

(continued)

\$6,130,000
General Obligation Refunding Notes, Series 2012B
Dated August 29, 2012
Interest Rate of 2.8%

<u>Year Ending December 31,</u>	<u>Principal Due December 1 Interest Due June 1 and December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 720,000	\$ 96,460	\$ 816,460
2018	740,000	76,300	816,300
2019	760,000	55,580	815,580
2020	785,000	34,300	819,300
2021	440,000	21,164	461,164
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
	<u>\$ 3,445,000</u>	<u>\$ 283,804</u>	<u>\$ 3,728,804</u>

(continued)

(continued)

Year Ending December 31,	TOTALS		
	Principal	Interest	Total
2017	\$ 720,000	\$ 376,460	\$ 1,096,460
2018	740,000	356,300	1,096,300
2019	760,000	335,580	1,095,580
2020	785,000	314,300	1,099,300
2021	645,000	502,164	1,147,164
2022	680,000	471,140	1,151,140
2023	710,000	438,431	1,148,431
2024	745,000	404,281	1,149,281
2025	780,000	368,446	1,148,446
2026	820,000	330,928	1,150,928
2027	860,000	291,486	1,151,486
2028	900,000	250,120	1,150,120
2029	940,000	206,830	1,146,830
2030	990,000	161,616	1,151,616
2031	1,035,000	113,997	1,148,997
2032	1,335,000	64,213	1,399,213
	<u>\$ 13,445,000</u>	<u>\$ 4,986,292</u>	<u>\$ 18,431,292</u>