

TOWER METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS
December 31, 2016



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Board of Directors
Tower Metropolitan District
Adams County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tower Metropolitan District, 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 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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.

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 Tower Metropolitan District 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 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 Tower Metropolitan District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Simmons & Wheeler P.C.

Englewood, CO
April 10, 2017

BASIC FINANCIAL STATEMENTS

**TOWER METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2016**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,502,031
Cash and investments - Restricted	44,404
Cash in escrow	300,174
Receivable - County Treasurer	11,497
Property tax receivable	2,275,296
Prepaid insurance	3,363
Interest receivable	-
Capital assets, not being depreciated	4,518,150
Capital assets, net of accumulated depreciation	<u>1,487,328</u>
Total assets	<u>10,142,243</u>
DEFERRED OUTFLOWS OF RESOURCES	
Cost of bond refunding	<u>441,428</u>
Total deferred outflows of resources	<u>441,428</u>
LIABILITIES	
Accounts payable	219,702
Accrued interest payable	26,585
Noncurrent liabilities	
Due within one year	245,000
Due in more than one year	<u>12,660,000</u>
Total liabilities	<u>13,151,287</u>
DEFERRED INLFOWS OF RESOURCES	
Property tax revenue	<u>2,275,296</u>
Total deferred inflows of resources	<u>2,275,296</u>
NET POSITION	
Net investments in capital assets	3,809,256
Restricted for:	
Emergency reserves	44,000
Capital project escrow	300,174
Unrestricted	<u>(8,996,342)</u>
Total net position	<u>\$ (4,842,912)</u>

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

**TOWER METROPOLITAN DISTRICT
STATEMENT OF 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>	<u>Governmental Activities</u>
Primary government:					
General government	\$ 620,902	\$ -	\$ -	\$ -	\$ (620,902)
Interest and fees on long-term debt to other governments	397,074	-	-	-	(397,074)
	<u>\$ 1,017,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,017,976)</u>
General revenues:					
Property taxes					1,833,041
Specific ownership taxes					160,840
Net investment income					11,480
Intergovernmental income					480,000
Total general revenues					<u>2,485,361</u>
Change in net position					1,467,385
Net position - Beginning					<u>(6,310,297)</u>
Net position - Ending					<u>\$ (4,842,912)</u>

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

**TOWER METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,032,296	\$ -	\$ 469,735	\$ 1,502,031
Cash and investments - Restricted	44,000	404	-	44,404
Cash in escrow			300,174	300,174
Receivable - County Treasurer	11,497	-	-	11,497
Prepaid insurance	3,363	-	-	3,363
Interest receivable	-	-	-	-
Property tax receivable	1,696,734	578,562	-	2,275,296
Total assets	<u>\$ 2,787,890</u>	<u>\$ 578,966</u>	<u>\$ 769,909</u>	<u>\$ 4,136,765</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 9,399	\$ -	\$ 135,697	\$ 145,096
Retainage payable	-	-	74,606	74,606
Total liabilities	<u>9,399</u>	<u>-</u>	<u>210,303</u>	<u>219,702</u>
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	1,696,734	578,562	-	2,275,296
Total deferred inflows of resources	<u>1,696,734</u>	<u>578,562</u>	<u>-</u>	<u>2,275,296</u>
FUND BALANCES				
Nonspendable:				
Prepaid insurance	3,363	-	-	3,363
Restricted for:				
Emergency reserve	44,000	-	-	44,000
Debt service	-	404	-	404
Assigned to:				
Subsequent year's expenditures	189,584	-	-	189,584
Capital projects	-	-	559,606	559,606
Unassigned:				
General government	844,810	-	-	844,810
Total fund balances	<u>1,081,757</u>	<u>404</u>	<u>559,606</u>	<u>1,641,767</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,787,890</u>	<u>\$ 578,966</u>	<u>\$ 769,909</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements	6,005,478
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements	
Cost of bond refunding	441,428
Long-term liabilities are not due and payable in the current period and, therefore, are not reflected in the fund financial statements	
Bonds payable	(12,905,000)
Accrued interest on bonds payable	(26,585)
Net position of governmental activities	<u>\$ (4,842,912)</u>

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

TOWER METROPOLITAN DISTRICT
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	\$ 1,290,461	\$ 542,580	\$ -	\$ 1,833,041
Specific ownership tax	160,840	-	-	160,840
Net investment income	10,018	1,286	176	11,480
Intergovernmental revenue	-	-	480,000	480,000
Total revenues	<u>1,461,319</u>	<u>543,866</u>	<u>480,176</u>	<u>2,485,361</u>
EXPENDITURES				
Current				
Accounting	52,772	-	-	52,772
Audit	4,500	-	-	4,500
Community relations	-	-	-	-
County Treasurer's fee	19,360	8,140	-	27,500
Directors' fees	5,400	-	-	5,400
Donations	600	-	-	600
Dues and licenses	640	-	-	640
Election expense	765	-	-	765
Insurance and bonds	3,382	-	-	3,382
Prior year abatement interest	16,308	-	-	16,308
Landscape maintenance	184,363	-	-	184,363
Legal	16,778	-	-	16,778
Maintenance and repairs	6,080	-	-	6,080
Meeting expenses	7,449	-	-	7,449
Miscellaneous	4,285	-	-	4,285
Payroll expense	3,708	-	-	3,708
Property management	14,206	-	-	14,206
Security	11,029	-	-	11,029
Snow removal	3,183	-	-	3,183
Utilities - irrigation system	73,172	-	-	73,172
Debt service				
Bond issue costs	-	-	-	-
Bond principal payments - Series 2005	-	-	-	-
Bond principal payments - Series 2014A	-	180,000	-	180,000
Bond principal payments - Series 2014B	-	60,000	-	60,000
Interest expense - Series 2005	-	-	-	-
Interest expense - Series 2014A	-	247,721	-	247,721
Interest expense - Series 2014B	-	76,620	-	76,620
Paying agent/remarketing fees	-	2,000	-	2,000
Capital improvements	-	-	2,366,590	2,366,590
Total expenditures	<u>427,980</u>	<u>574,481</u>	<u>2,366,590</u>	<u>3,369,051</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,033,339</u>	<u>(30,615)</u>	<u>(1,886,414)</u>	<u>(883,690)</u>
OTHER FINANCING SOURCES (USES)				
Transfer (to)/from other funds	<u>(2,458,662)</u>	<u>12,642</u>	<u>2,446,020</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,458,662)</u>	<u>12,642</u>	<u>2,446,020</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,425,323)</u>	<u>(17,973)</u>	<u>559,606</u>	<u>(883,690)</u>
FUND BALANCES - BEGINNING OF YEAR				
	<u>2,507,080</u>	<u>18,377</u>	<u>-</u>	<u>2,525,457</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,081,757</u>	<u>\$ 404</u>	<u>\$ 559,606</u>	<u>\$ 1,641,767</u>

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

**TOWER METROPOLITAN DISTRICT
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	\$ (883,690)
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

This is the amount related to capital outlay in the current period.

Capital outlay	2,234,485
Depreciation expense	(60,817)

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:

Current year bond principal payment	240,000
Amortization of cost of refunding - 2005 bonds	(62,593)

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	-
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Change in net position of governmental activities	\$ 1,467,385
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These financial statements should be read only in connection with the accompanying notes to financial statements.

**TOWER METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Budget Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 1,373,887	\$ 1,290,461	\$ (83,426)
Specific ownership taxes	156,124	160,840	4,716
Other income	-	-	-
Investment income	8,000	10,018	2,018
Total revenues	<u>1,538,011</u>	<u>1,461,319</u>	<u>(76,692)</u>
EXPENDITURES			
Accounting	65,000	52,772	12,228
Audit	4,800	4,500	300
Contingency	8,823	-	8,823
County Treasurer's fee	20,608	19,360	1,248
Directors' fees	7,200	5,400	1,800
Donations	500	600	(100)
Dues and licenses	650	640	10
Election expense	1,200	765	435
Insurance and bonds	5,000	3,382	1,618
Prior year abatement interest	-	16,308	(16,308)
Landscape maintenance	175,000	184,363	(9,363)
Legal	40,000	16,778	23,222
Maintenance and repairs	30,000	6,080	23,920
Meeting expenses	7,000	7,449	(449)
Miscellaneous	5,000	4,285	715
Payroll expense	2,100	3,708	(1,608)
Property management	26,000	14,206	11,794
Security	-	11,029	(11,029)
Snow removal	15,000	3,183	11,817
Utilities - irrigation system	75,000	73,172	1,828
Total expenditures	<u>488,881</u>	<u>427,980</u>	<u>60,901</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,049,130</u>	<u>1,033,339</u>	<u>(15,791)</u>
OTHER FINANCING SOURCES (USES)			
Transfer (to)/from other funds	<u>(3,300,500)</u>	<u>(2,458,662)</u>	<u>841,838</u>
Total other financing sources (uses)	<u>(3,300,500)</u>	<u>(2,458,662)</u>	<u>841,838</u>
FUND BALANCES - BEGINNING OF YEAR	<u>2,464,528</u>	<u>2,507,080</u>	<u>42,552</u>
FUND BALANCES - END OF YEAR	<u>\$ 213,158</u>	<u>\$ 1,081,757</u>	<u>\$ 868,599</u>

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

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Tower Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of Adams County on March 5, 1980, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the City of Aurora, Adams County, Colorado. The District was established for the purpose of constructing streets, curbs, gutters, and related facilities on the property within the District's boundaries. Construction has been financed through the issuance of general obligation bonds. Title to improvements constructed by the District is generally conveyed to the City of Aurora within 13 months of completion. When all improvements are completed, the District will continue primarily for the purpose of retiring its outstanding indebtedness and providing streetscape maintenance, covenant control, and security maintenance.

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 the City of Aurora.

The District has one employee and all operations and administrative functions are contracted except for covenant enforcement.

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. The effect of interfund activity has been removed from these statements. 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.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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, specific ownership taxes and sales and use taxes]. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. 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 other funds.

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 or construction of major capital facilities.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and other financing uses 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.

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.

Investments are carried at fair value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as a 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, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported by the District. 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.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in process, and are not included in the calculation of the net investment in capital assets.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land improvements include expenditures for clearing the land, landscaping, changing the contour of the earth by moving and filling, detention ponds, and planting trees and shrubbery. Those costs are considered permanent improvements to the land and are not depreciable.

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:

Lighting	15 years
Irrigation	15 years
Signs	25 years
Waterline	40 years
Streets	40 years
Median landscaping – construction	20 years

Amortization

Cost of Bond Refunding

In the government-wide financial statements the deferred cost of bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a reduction of bonds payable.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, cost of bond refunding.

In addition to liabilities, the statement of financial 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 type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

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.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

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	\$ 1,502,031
Cash in escrow	300,174
Cash and investments - Restricted	<u>44,404</u>
Total cash and investments	<u>\$ 1,846,609</u>

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

Deposits with financial institutions	\$ 310,584
Investments	<u>1,536,025</u>
Total cash and investments	<u>\$ 1,846,609</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 at least 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 and a carrying balance as follows:

	Bank Balance	Carrying Balance
Insured deposits	\$ 354,931	\$ 260,410
Deposits collateralized in single institution pools	<u>50,174</u>	<u>50,174</u>
	<u>\$ 405,105</u>	<u>\$ 310,584</u>

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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

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.

The District had invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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

Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	\$ 929,892
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	606,133
		<u>\$ 1,536,025</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE 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.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST is an external investment pool that records its investments at fair value. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST offers two portfolios: COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, certain obligations of agencies of the U.S. government, and written purchase agreements collateralized by U.S. Treasury securities or certain obligations of U.S. government agencies. COLOTRUST PLUS+ may also invest in highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for COLOTRUST portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. COLOTRUST is rated AAAM by Standard & Poor's.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 4 – CAPITAL ASSETS

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

<u>By Classification</u>	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance at December 31, 2016</u>
Capital assets, not being depreciated				
Detention pond	\$ 1,096,932	\$ -	\$ -	\$ 1,096,932
Irondale Gulch Ponds	-	2,149,459	453,910	2,603,369
Median landscaping	774,404	-	-	774,404
Drainage improvements	43,445	-	-	43,445
Construction in process	453,910	-	(453,910)	-
Total capital assets, not being depreciated	<u>2,368,691</u>	<u>2,149,459</u>	<u>-</u>	<u>4,518,150</u>
Capital assets, being depreciated				
Lighting	2,795	-	-	2,795
Signs	207,796	-	-	207,796
Irrigation system	208,274	-	-	208,274
Median landscaping - Concrete	292,859	-	-	292,859
Waterline	491,701	-	-	491,701
Streets	396,156	85,026	-	481,182
Total capital assets, being depreciated	<u>1,599,581</u>	<u>85,026</u>	<u>-</u>	<u>1,684,607</u>
Less accumulated depreciation for:				
Lighting	(1,489)	(186)	-	(1,675)
Signs	(56,112)	(8,312)	-	(64,424)
Irrigation system	(24,165)	(13,885)	-	(38,050)
Median landscaping - Concrete	(21,964)	(14,643)	-	(36,607)
Waterline	(18,439)	(12,293)	-	(30,732)
Streets	(14,293)	(11,498)	-	(25,791)
Total accumulated depreciation	<u>(136,462)</u>	<u>(60,817)</u>	<u>-</u>	<u>(197,279)</u>
Total capital assets, being depreciated, net	<u>1,463,119</u>	<u>24,209</u>	<u>-</u>	<u>1,487,328</u>
Governmental activities - Capital assets, net	<u>\$ 3,831,810</u>	<u>\$ 2,173,668</u>	<u>\$ -</u>	<u>\$ 6,005,478</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities	
General government	<u>\$ 60,817</u>

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5 – LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
Tax-Free Loan Refunding Issue Series 2014	\$ 9,825,000	\$ -	\$ 180,000	\$ 9,645,000	\$ 185,000
Taxable Loan Refunding Issue Series 2014	3,320,000	-	\$ 60,000	3,260,000	60,000
	<u>\$ 13,145,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 12,905,000</u>	<u>\$ 245,000</u>

In the government-wide statements, the District incurred a cost on bond refunding in the amount of \$567,865, which has been deferred and is being amortized over the life of the 2014 loan.

On December 30, 2014, the District issued \$9,995,000 in a General Obligation Tax Exempt Refunding Loan (2014A Loan) and \$3,370,000 in a General Obligation Taxable Refunding Loan (2014B Loan) (collectively, the “2014 Loans”). The 2014B Loan was converted to a tax exempt loan on January 15, 2015.

The 2014 Loans are term loans due on December 30, 2024, with a fixed interest rate of 2.48% for the 2014A Loan and an initial interest rate of 3.380% for the 2014B Loan. On January 15, 2015, the interest rate on the 2014B Loan was converted to a fixed rate of 2.27%. Interest is paid semiannually on June 1 and December 1. The 2014 Loans are subject to mandatory sinking redemptions due on December 1 of each year. The 2014 Loans both have a balloon payment of the remaining outstanding principal due on December 30, 2024. The District may, at its option, prepay all or any part of the principal of the Loans on a principal payment date, upon payment of par, accrued interest and a prepayment fee for any prepayments made prior to December 1, 2024.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5 – LONG-TERM OBLIGATIONS

The outstanding loan principal and interest are as follows:

2014A Loan:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 185,000	\$ 239,196	\$ 424,196
2018	195,000	234,608	\$ 429,608
2019	200,000	229,772	\$ 429,772
2020	215,000	224,812	\$ 439,812
2021	220,000	219,480	\$ 439,480
2022	235,000	214,024	\$ 449,024
2023	240,000	208,196	\$ 448,196
2024	255,000	202,244	\$ 457,244
12/30/2024	7,900,000	15,783	\$ 7,915,783
	<u>\$ 9,645,000</u>	<u>\$ 1,788,115</u>	<u>\$ 11,433,115</u>

2014B Loan:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 60,000	\$ 74,002	\$ 134,002
2018	70,000	72,640	\$ 142,640
2019	70,000	71,051	\$ 141,051
2020	75,000	69,462	\$ 144,462
2021	75,000	67,759	\$ 142,759
2022	80,000	66,057	\$ 146,057
2023	85,000	64,241	\$ 149,241
2024	90,000	62,312	\$ 152,312
12/30/2024	2,655,000	4,855	\$ 2,659,855
	<u>\$ 3,260,000</u>	<u>\$ 552,379</u>	<u>\$ 3,812,379</u>

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

At December 31, 2016, the District had authorized but unissued general obligation indebtedness in the following amounts allocated for the following purposes:

	Authorized November 8, 1994 Election	Authorized November 3, 1998 Election	Authorized November 7, 2000 Election	Total Authorized Debt
Street improvements	\$ 16,534,500	\$ 20,000,000	\$ 20,000,000	\$ 56,534,500
Traffic controls	-	5,000,000	20,000,000	25,000,000
Parks and recreation	-	-	20,000,000	20,000,000
Public transportation	-	-	20,000,000	20,000,000
Mosquito control	-	-	200,000	200,000
Operations and maintenance	-	2,000,000	-	2,000,000
Debt refunding	-	25,000,000	81,000,000	106,000,000
	<u>\$ 16,534,500</u>	<u>\$ 52,000,000</u>	<u>\$ 161,200,000</u>	<u>\$ 229,734,500</u>

	Authorization Used				Remaining at December 31, 2016
	Series 1995 Bonds	Series 2001 Bonds	Series 2005 Bonds	2014 Loans	
Street improvements	\$ 14,709,056	\$ 2,855,135	\$ 2,363,621	\$ -	\$ 36,606,688
Traffic controls	-	-	-	-	\$ 25,000,000
Parks and recreation	-	-	-	-	\$ 20,000,000
Public transportation	-	-	-	-	\$ 20,000,000
Mosquito control	-	-	-	-	\$ 200,000
Operations and maintenance	-	-	-	-	\$ 2,000,000
Debt refunding	-	10,034,865	12,326,379	13,365,000	\$ 70,273,756
	<u>\$ 14,709,056</u>	<u>\$ 12,890,000</u>	<u>\$ 14,690,000</u>	<u>\$ 13,365,000</u>	<u>\$ 174,080,444</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.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 6 – NET POSITION

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

The net investment in capital assets component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. The amount of capital assets which are anticipated to be conveyed to other governmental entities are not included in the capital assets, net, amount below.

As of December 31, 2016, the District had net investment in capital assets, calculated as follows:

	Governmental Activities
Net investment in capital assets	
Capital assets, net	\$ 6,005,478
Less: capital related debt	
Current portion of long-term obligations	(41,695)
Noncurrent portion of long-term obligations	(2,154,527)
Plus:	
Unspent bond proceeds	-
Net investment in capital assets	\$ 3,809,256

Restricted 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 reserves	\$ 44,000
Capital projects escrow	\$ 300,174
	\$ 344,174

The District has a deficit unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 7 – RELATED PARTY TRANSACTIONS

The developer and owner of the majority of land located within the District is Majestic Realty Co. (Developer). The contractor for construction of certain infrastructure facilities of the District is Commerce Construction Co. LP (Contractor). The Developer and Contractor are related entities. Certain members of the Board of Directors of the District are employees of, owners of, or associated with the Developer and/or Contractor and may have conflicts of interest in dealing with the District. Also, the only employee of the District is related to the President of the Board.

On April 22, 2013, the District executed a construction management agreement (“Agreement”) with the Contractor to act as the Construction Manager of the District. The Construction Manager will provide construction management and supervision services for the construction and acquisition of certain District facilities. The compensation shall be 4% of the gross dollar amount paid pursuant to construction contracts and related engineering and/or design contracts entered into by the District. The initial term of the Agreement is from April 22, 2013, and shall continue until June 30, 2014, unless sooner terminated. On June 30, 2014, the Agreement automatically renewed for two successive one-year periods. The Agreement cannot extend beyond this period without the express action by the Board of Directors. During 2016, the Contractor was paid \$120,191 for construction management services related to the IG Pond Project.

NOTE 8 – INTERFUND AND OPERATING TRANSFERS

The transfer of \$12,642 from the General Fund to the Debt Service Fund was needed to fund the shortage of debt service pledged revenues, which was the result of a rebate of ad valorem property taxes and accrued interest paid back to property owners in 2016. The District transferred \$2,446,020 from the General Fund to the Capital Projects Fund to fund capital project during 2016.

NOTE 9 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, 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.

**TOWER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

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 which apply to the State of Colorado and all local governments.

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

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

In November 1994 and November 1998, voters within the District approved election questions related to the issuance of additional indebtedness, elimination of TABOR fiscal year limitations, exemption from State revenue limitations, and the elimination of Director term limits.

The District believes it has taken such steps as are appropriate in light of current interpretations of TABOR to comply with its terms. However, TABOR is complex and subject to multiple interpretations. Many of the provisions, including but not limited to the interpretation of how to calculate Fiscal Year Spending and other limits, will require judicial interpretation.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of December 31, 2016, the District had construction related contract commitments as follows:

	<u>Retainage</u>	<u>Contract Balance</u>
Greenway Landscape Services, LLC	\$ 8,538	\$ -
Levi Contractors, I	66,068	-
Triston Construction, Inc.	-	37,131
Totals	<u>\$ 74,606</u>	<u>\$ 37,131</u>

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

SUPPLEMENTARY INFORMATION

**TOWER METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 577,657	\$ 542,580	\$ (35,077)
Investment income	-	1,286	\$ 1,286
Total revenues	<u>577,657</u>	<u>543,866</u>	<u>(33,791)</u>
EXPENDITURES			
Bond issue costs	-	-	-
Bond principal payments - Series 2005	-	-	-
Bond principal payments - Series 2014A	180,000	180,000	-
Bond principal payments - Series 2014B	60,000	60,000	-
County Treasurer's fee	8,665	8,140	525
Interest expense - Series 2005	-	-	-
Interest expense - Series 2014A	243,660	247,721	(4,061)
Interest expense - Series 2014B	75,364	76,620	(1,256)
Paying agent/remarketing fees	1,000	2,000	(1,000)
Contingency	8,968	-	8,968
Total expenditures	<u>577,657</u>	<u>574,481</u>	<u>3,176</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(30,615)</u>	<u>(30,615)</u>
OTHER FINANCING SOURCES (USES)			
Transfer (to)/from other funds	-	12,642	12,642
Payment of refunding escrow	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>12,642</u>	<u>12,642</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>18,377</u>	<u>18,377</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 404</u>	<u>\$ 404</u>

**TOWER METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest income	\$ -	\$ 176	\$ 176
Intergovernmental income	\$ -	480,000	480,000
	<u>-</u>	<u>480,176</u>	<u>480,176</u>
EXPENDITURES			
Engineering	-	3,956	(3,956)
Landscaping	500,000	-	500,000
Miscellaneous	500	600	(100)
Irondale Gulch Ponds	-	2,150,129	(2,150,129)
Storm drainage	2,300,000	56,054	2,243,946
38th & Chambers improvements	-	1,765	(1,765)
Himalaya vacation	-	5,529	(5,529)
Picadilly infrastructure	500,000	24,145	475,855
Building 29	-	124,412	(124,412)
Total expenditures	<u>3,300,500</u>	<u>2,366,590</u>	<u>933,910</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,300,500)</u>	<u>(1,886,414)</u>	<u>1,414,086</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	3,300,500	2,446,020	(854,480)
Contributed assets	-	-	-
Total other financing sources (uses)	<u>3,300,500</u>	<u>2,446,020</u>	<u>(854,480)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 559,606</u>	<u>\$ 559,606</u>

**TOWER METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016**

Bond/Principal and Interest Maturing in the Year Ending December 31,	\$9,995,000 Promissory Note Series 2014 (Tax Exempt) Dated December 30, 2014 Interest Rate - 2.480%			\$3,370,000 Promissory Note Series 2014 (Taxable) Dated December 30, 2014 Interest Rate - 3.380%***		
	Interest Payable June 1 and December 1 Principal Due December 1			Interest Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 185,000	\$ 239,196	\$ 424,196	\$ 60,000	\$ 74,002	\$ 134,002
2018	195,000	234,608	429,608	70,000	\$ 72,640	142,640
2019	200,000	229,772	429,772	70,000	\$ 71,051	141,051
2020	215,000	224,812	439,812	75,000	\$ 69,462	144,462
2021	220,000	219,480	439,480	75,000	\$ 67,759	142,759
2022	235,000	214,024	449,024	80,000	\$ 66,057	146,057
2023	240,000	208,196	448,196	85,000	\$ 64,241	149,241
2024	255,000	202,244	457,244	90,000	\$ 62,312	152,312
12/30/2024	7,900,000	15,783	7,915,783	2,655,000	\$ 4,855	2,659,855
	<u>\$ 9,645,000</u>	<u>\$ 1,788,115</u>	<u>\$ 11,433,115</u>	<u>\$ 3,260,000</u>	<u>\$ 552,379</u>	<u>\$ 3,812,379</u>

***The interest rate was converted to a tax-exempt rate of 2.27% on January 15, 2015

**TOWER METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2010	\$ 50,443,960	7.400	17.600	\$1,261,099	\$ 1,217,778	96.56%
2011	\$ 51,840,300	7.400	17.600	\$1,296,007	\$ 1,283,710	99.05%
2012	\$ 51,978,270	7.400	17.600	\$1,299,457	\$ 1,318,602	101.47%
2013	\$ 58,973,370	9.569	15.431	\$1,474,334	\$ 1,323,982	89.80% (A)
2014	\$ 63,706,670	10.400	14.600	\$1,592,666	\$ 1,605,020	100.78% (B)
2015	\$ 66,291,910	16.750	8.250	\$1,657,298	\$ 1,571,293	94.81% (C)
2016	\$ 78,061,750	17.600	7.400	\$1,951,544	\$ 1,833,041	93.93% (D)
Estimated for the year ending December 31,						
2017	\$ 91,011,840	18.643	6.357	\$2,275,296	\$ -	

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

- (A) \$25,078 of ad valorem taxes were refunded/abated to property owners in 2013.
- (B) \$33,997 of ad valorem taxes were refunded/abated to property owners in 2014.
- (C) \$86,144 of ad valorem taxes were refunded/abated to property owners in 2015.
- (D) \$86,359 of ad valorem taxes were refunded/abated to property owners in 2016.