

**Todd Creek Village Metropolitan District
(Adams County, Colorado)**

FINANCIAL STATEMENTS

with Independent Auditor's Report

December 31, 2015 and 2014

Todd Creek Village Metropolitan District

TABLE OF CONTENTS

December 31, 2015 and 2014

Independent auditor’s report	I
Basic financial statements:	
Statements of net position.....	1
Statements of revenues, expenses, and changes in net position	2
Statements of cash flows	3
Notes to financial statements	5
Supplemental information:	
Schedule of revenues, expenditures and changes in funds available – budget and actual (budgetary basis).....	20
Reconciliation of actual (budgetary basis) to statement of revenues, expenses and changes in net position	22



Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Todd Creek Village Metropolitan District
Adams County, Colorado

We have audited the accompanying financial statements of Todd Creek Village Metropolitan District (the District) as of and for the years ended December 31, 2015 and 2014, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted 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 operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Darner Higgs & Associates, PC

Lakewood, Colorado
January 12, 2017

Todd Creek Village Metropolitan District
STATEMENTS OF NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 30,161	\$ 2,045,617
Cash and cash equivalents - restricted	176,097	-
Investments - restricted	6,557,649	995,857
Accounts receivable	893,350	791,210
Prepaid expenses	7,558	1,807
Total current assets	7,664,815	3,834,491
Capital assets		
Water rights	4,683,684	4,683,684
Construction in progress	1,006,561	162,084
Operating system and storage	53,288,868	53,288,868
	58,979,113	58,134,636
Accumulated depreciation	(14,188,804)	(12,836,188)
Total capital assets	44,790,309	45,298,448
TOTAL ASSETS	52,455,124	49,132,939
DEFERRED OUTFLOW OF RESOURCES		
Certificates of Participation discount (net of accumulated amortization of \$102,020 - 2014)	-	49,530
TOTAL DEFERRED OUTFLOW OF RESOURCES	-	49,530
LIABILITIES		
Current liabilities		
Accounts payable	1,611,894	1,022,570
Accrued interest payable	153,327	2,472,825
Current portion of long-term debt	334,833	14,808,357
Total current liabilities	2,100,054	18,303,752
Long-term obligations, net of current portion	22,034,779	12,239,612
TOTAL LIABILITIES	24,134,833	30,543,364
NET POSITION		
Net investment in capital assets	22,420,697	18,250,479
Restricted	6,733,746	995,857
Unrestricted	(834,152)	(607,231)
TOTAL NET POSITION	\$ 28,320,291	\$ 18,639,105

The accompanying Notes to Financial Statements are an integral part of these statements.

Todd Creek Village Metropolitan District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating revenues		
Water revenue	\$ 2,544,949	\$ 2,840,762
(FTC) Failure to connect fees	499,706	553,204
Availability fees	50,615	76,937
Meter fees	123,250	126,725
Inspection fees	37,300	36,200
Penalties and other income	112,426	293,418
Total operating revenues	<u>3,368,246</u>	<u>3,927,246</u>
Operating expenses		
Accounting and audit	31,841	-
Depreciation	1,352,616	1,331,587
District management	1,020,000	1,020,000
Engineering	234,883	64,643
Insurance	23,183	19,061
Legal	356,839	298,042
Miscellaneous	578	10,000
MXU system	162,881	78,192
Office expense	129,954	128,380
Public relations	3,428	1,800
Raw water acquisition	480,094	555,659
Repairs and maintenance	505,383	285,664
Utilities and water leases	1,370,904	841,103
Vehicle expense	4,624	-
Water treatment	32,795	46,950
Total operating expenses	<u>5,710,003</u>	<u>4,681,081</u>
Operating (loss)	<u>(2,341,757)</u>	<u>(753,835)</u>
Nonoperating revenue and (expense)		
Interest income	61,117	202,814
Amortization expense	-	(10,168)
Interest	(1,143,521)	(1,071,013)
Interest expense - certificates of participation base rental	(260,844)	(521,688)
Bond issuance costs	(691,600)	-
Loss on sale of asset	-	(226,250)
Loan fees	(494,875)	(401,556)
Total nonoperating revenue and (expense)	<u>(2,529,723)</u>	<u>(2,027,861)</u>
Income (loss) before capital contributions and special items	<u>(4,871,480)</u>	<u>(2,781,696)</u>
Capital contributions		
Tap fees	<u>3,503,994</u>	<u>2,369,245</u>
Special Items		
Forgiveness of debt	<u>11,048,672</u>	<u>-</u>
Change in net position	9,681,186	(412,451)
Net position - beginning	<u>18,639,105</u>	<u>19,051,556</u>
Net position - ending	<u>\$ 28,320,291</u>	<u>\$ 18,639,105</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

Todd Creek Village Metropolitan District
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 6,770,100	\$ 5,869,589
Payments to suppliers	(3,724,284)	(2,980,276)
Net cash provided by operating activities	3,045,816	2,889,313
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(844,477)	(167,179)
Proceeds from sale of capital assets	-	1,000,000
Proceeds from bond refunding, net of discount	22,310,000	-
Proceeds from trustee	120,027	-
Principal paid on Series 2004 bonds	(13,627,587)	-
Principal paid on Series 2008 certificates of participation	(4,771,660)	-
Principal paid on note payable	-	(949,400)
Principal paid on capital lease	(18,357)	(1,845)
Interest paid on capital lease	(3,795)	-
Interest paid on bonds and certificates of participation	(1,400,570)	(1,020,413)
Interest paid on line of credit	-	(50,600)
Other debt-related expenditures	(1,148,081)	(401,556)
Net cash provided (used) by capital and related financing activities	615,500	(1,590,993)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	61,117	202,814
Net cash provided by investing activities	61,117	202,814
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,722,433	1,501,134
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,041,474	1,540,340
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,763,907	\$ 3,041,474

(continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

Todd Creek Village Metropolitan District
STATEMENTS OF CASH FLOWS
(continued)
For the Years Ended December 31, 2015 and 2014

	2015	2014
Reconciliation of operating (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (2,341,757)	\$ (753,835)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	1,402,146	1,331,587
Tap fees received from customers	3,503,994	2,369,245
(Increase) decrease in accounts receivable	(102,140)	(426,902)
(Increase) decrease in prepaid expense	(5,751)	4,502
Increase (decrease) in accounts payable	589,324	364,716
Increase (decrease) in unearned revenue	-	-
Total adjustments	5,387,573	3,643,148
Net cash provided (used) by operating activities	\$ 3,045,816	\$ 2,889,313

The accompanying Notes to Financial Statements are an integral part of these statements.

Todd Creek Village Metropolitan District

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2014

Note 1 – Definition of reporting entity

The Todd Creek Village Metropolitan District (the District) is a quasi-municipal corporation organized on November 19, 1996 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Adams and Weld Counties, Colorado. The District was established to provide water and wastewater services to an area encompassing approximately 6,725 acres in Adams County and 6,000 acres in Weld County.

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.

As of December 31, 2015, no component unit has been identified as reportable to the District, nor is the District a component unit of any other primary governmental entity.

Note 2 – Summary of significant accounting policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private utility system where net income and capital maintenance are appropriate determinations of accountability.

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

A. Basis of accounting

The District's records are maintained on the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and certificates of participation is recorded as a reduction in liabilities. Tap fees are recorded as capital contributions when received.

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

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

B. Operating revenue and expenses

The District distinguishes between operating revenues and expenses and nonoperating items in the Statement of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's purpose of providing water and wastewater services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the cost of service, administrative expenses and depreciation of assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

C. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value.

E. Restricted cash and investments

Certain proceeds of the District's revenue bonds and certificates of participation, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Restricted cash and investments totaled \$6,733,746 at December 31, 2015 and \$995,857 at December 31, 2014.

F. Accounts receivable, allowance for doubtful accounts

Use fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

G. Capital assets

Capital assets, which include water rights, water wells, storage and treatment facilities and delivery systems, are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation or at the developer's cost. Capital assets are defined by the District as those assets with a cost or value of \$1,000 or greater. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

Major outlays for capital assets and improvements for which the District retains title are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the District are depreciated using the straight line method over the estimated useful lives (40 years for water system infrastructure). The cost of water rights includes acquisition cost, legal, and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. Depreciation expense for the years ended December 31, 2015 and 2014 totaled \$1,352,616 and \$1,331,587, respectively.

H. Amortization of bond discount

Series 2004 bond discounts were being amortized over the respective terms of the using the straight-line method. Amortization expense for bond discounts amounted to \$10, for the year ended December 31, 2014.

I. Budgetary information

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

The District budgeted a negative fund balance for the years ended December 31, 2015 and 2014, which may be a violation of State Budget Law. Additionally, the District exceeded its budgeted expenditures for the year ended December 31, 2015, which may be a violation of State Budget Law. The District anticipates holding a budget hearing in early 2017 for the purpose of amending its 2015 budget.

J. Contributed capital

Tap fees and water resource fees are generally recorded as capital contributions when received. Lines contributed to the District by developers are recorded as capital contributions and additions to the systems at the developer's cost or at the estimated fair value at the date of contribution.

Note 3 – Cash and investments

Cash and investments as of December 31, 2015 and 2014 are classified in the accompanying financial statements as follows:

	2015	2014
Cash and cash equivalents	\$ 30,161	\$ 2,045,617
Cash and cash equivalents - restricted	176,097	-
Investments - restricted	6,557,649	995,857
Total cash and investments	<u>\$ 6,763,907</u>	<u>\$ 3,041,474</u>

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

Cash and investments in the amount of \$6,733,776 and \$995,857 was restricted at December 31, 2015 and 2014, respectively, for the payment of operating costs, capital improvements, and bond and certificate of participation interest and principal.

A. Deposits with financial institutions

Colorado statutes require that the District use eligible public depositories as defined by the Colorado Public Deposit Protection Act (the Act). Under the Act, amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2015 and 2014, the federal insurance limits were \$250,000. The eligible collateral is determined by the Act and allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Regulatory Commissions 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.

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposit and investment policy adopts State statutes regarding custodial credit risk for deposits. As of December 31, 2014 and 2013, the District's bank balance was not exposed to custodial credit risk.

The District's deposits with financial institutions at December 31, 2015 are as follows:

	Carrying Balance	Bank Balance
Deposits with financial institutions	<u>\$ 30,161</u>	<u>\$ 51,697</u>

The District's deposits with financial institutions at December 31, 2014 are as follows:

	Carrying Balance	Bank Balance
Deposits with financial institutions	<u>\$ 2,045,617</u>	<u>\$ 2,071,642</u>

B. Investments

Credit risk

The District's cash deposit and investment policy adopts State statutes regarding credit risk for investments.

Colorado statutes 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
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's money market accounts with US Bank and Summit Bank and Trust are not rated.

Interest rate risk

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.

As of December 31, 2015 and 2014, the District had the following investments:

	Maturity		
Colorado Surplus Asset Fund Trust	Weighted average under 60 days	\$ 6,557,649	\$ 89,262
Non-rated Money Market	Less than 1 year	-	906,595
		\$ 6,557,649	\$ 995,857

Colorado Surplus Asset Fund Trust (CSAFE)

During 2015 and 2014, 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 the Trust. The trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities 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.

Concentration of credit risk

The District's cash deposit and investment policy adopts state statutes regarding concentration of credit risk for investments. The District invests primarily in money markets and/or U.S. securities, U.S. agency securities, or U.S. sponsored corporate securities, which are not subject to concentration of credit risk.

Custodial credit risk – investments

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's cash deposit and investment policy adopts state statutes regarding custodial credit risk for investments. As of December 31, 2015 and 2014, the District had \$6,557,649 and \$995,857, respectively, of investments held by outside parties.

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

Note 4 – Capital assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 162,084	\$ 844,477	\$ -	\$ 1,006,561
Water rights	4,683,684	-	-	4,683,684
Total capital assets, not being depreciated:	4,845,768	844,477	-	5,690,245
Capital assets, being depreciated:				
Water distribution and storage	48,163,616	-	-	48,163,616
Sewer system	5,045,437	-	-	5,045,437
Vehicles	79,815	-	-	79,815
Accumulated depreciation	12,836,188	(1,352,616)	-	11,483,572
Total capital assets, being depreciated, net	40,452,680	(1,352,616)	-	39,100,064
Capital assets, net	<u>\$ 45,298,448</u>	<u>\$ (508,139)</u>	<u>\$ -</u>	<u>\$ 44,790,309</u>

Note 5 – Long-term debt and related subsequent events

A. Changes in long-term debt

The following is an analysis of changes in bonds and loans payable for the year ended December 31, 2015:

	Balance 12/31/2014	Additions	Settlements/ Payments	Balance 12/31/2015	Due within one year
Series 2004 Bonds	\$ 18,310,000	\$ -	\$ 18,310,000	\$ -	\$ -
Series 2006 Certificates of Participation	8,660,000	-	8,660,000	-	-
Series 2015 Bonds	-	23,000,000	-	23,000,000	315,000
Capital Lease Obligations	77,969	-	18,357	59,612	19,833
Total	<u>\$ 26,970,000</u>	<u>\$ 23,000,000</u>	<u>\$ 26,988,357</u>	<u>\$ 23,059,612</u>	<u>\$ 334,833</u>
Series 2015 Discount	-	(690,000)	-	(690,000)	
	<u>\$ 26,970,000</u>	<u>\$ 22,310,000</u>	<u>\$ 26,988,357</u>	<u>\$ 22,369,612</u>	

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

B. Bonds payable

\$25,575,000 Water Revenue Refunding and Improvement Bonds, Series 2004, dated December 27, 2004

The bonds are term bonds in the amount of \$25,575,000 maturing through December 2019. The bonds were issued to finance the construction, installation and completion of improvements to the water supply, purification, transmission and distributions system, wastewater lift station, force main and interceptor trunk line, and to refund and discharge the outstanding District revenue bonds as well as other District obligations. The bonds bear interest from 4.75% to 6.125% per annum payable semi-annually on June 1 and December 1.

The bonds are subject to redemption prior to maturity, at the option of the District, as allowed under a “*Special Mandatory Redemption*” provision whereby the District, from sources other than borrowed funds or funds derived from refunding or refinancing of the Series 2004 Bonds, may redeem certain bonds at a price equal to the principal amount plus accrued interest. Accordingly, bonds with an original maturity date of December 1, 2009 may be redeemed no earlier than December 1, 2005, bonds maturing on December 1, 2014 may be redeemed no earlier than June 1, 2008, and bonds maturing on December 1, 2019 may be redeemed no earlier than June 1, 2010.

Alternatively, the bonds are subject to redemption prior to maturity, at the option of the District, redeemed with borrowed funds beginning on December 1, 2012, and on any date thereafter, upon payment of par and accrued interest, with a redemption premium through November 30, 2014, and without a redemption premium thereafter.

The bonds are payable solely from and secured by an irrevocable pledge of and first lien upon the “pledged revenue” as defined in the bond indenture. Additional security for the bonds is provided by a “debt service reserve fund” and by the Standby Tap Purchase Agreement dated as of December 27, 2004; between the District and Osborne Holding Corporation, owner of The Equinox Group LLC (the Developer), a Colorado limited liability company, whose affiliates, along with the individual principal of the Developer, owned or controlled, at the date of the agreement, approximately 58% of the property to be served with water services and facilities by the District (the Developer owned approximately 1% of the property served by the District at December 31, 2015).

With respect to “pledged revenue” that may be derived by the District’s water system, the Developer and its principal have entered into a Standby Tap Purchase Agreement whereby the Developer and its principal have guaranteed the payment of principal and interest on the bonds in the event that “pledged revenues” are insufficient in any year. The Developer and its principal agree, jointly and severally, to purchase water and wastewater taps from time to time in the amount necessary to pay when due the scheduled amounts of principal and interest with respect to the Series 2004 bonds. The Trustee issued a demand letter on November 9, 2009 calling on the Developer and its principal to fulfill its obligation under the Standby Tap Purchase Agreement to assist the District in making bond interest and principal payments. Due to economic conditions, neither the Developer nor its principal was able to purchase taps to provide funds for payment of bond interest and principal on December 1, 2009. Consequently, the District withdrew funds from the Bond Reserve Fund in 2011, 2010, and 2009 to satisfy the required interest payments.

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

Settlement Agreement – 2004 Bonds

Due to insufficient pledged tap fee revenue, \$5,350,000 of bond principal payments for maturities that were originally due on December 1, 2009 were not paid on that date, and \$11,910,000 remained unpaid as of November 17, 2015. The District entered into a Settlement Agreement with the Bond Trustee, whereby 80% of the total amount of bonds outstanding of \$18,310,000 would be retired upon the district's issuance of its Series 2015 Water Activity Enterprise Revenue Refunding and Improvement Bonds (see below). On November 18, 2015, the District paid \$14,648,000, less a closing credit of \$1,020,412, to the Bond Trustee in full settlement of the Series 2004 bonds.

Taxable Series 2015 Water Activity Enterprise Revenue and Improvement Bonds

On November 18, 2015, the District issued Water Activity Enterprise Revenue Refunding and Improvement Bonds, Taxable, Series 2015, in the aggregate principal amount of \$23,000,000. These bonds are a limited obligation and payable solely from the gross revenue of the system, subject to payment of operation and maintenance expenses. The bondholders of the 2004 bonds and 2006 COPS independently entered into settlement agreements with the District dated June 11, 2015 in which each of the parties agreed to an amount to settle the unpaid debt obligations, from the Series 2015 bond proceeds.

The bonds bear interest at 8% per annum, payable semi-annually on June 1 and December 1. The bonds are subject to mandatory sinking fund redemption prior to maturity, in part, on December 1 each year, according to terms described in the trust indenture. The bonds are also subject to prior redemption at the option of the District, as a whole or in part in integral multiples of \$5,000 plus accrued interest, on December 1, 2023 and on any interest payment date thereafter, subject to redemption prices of 104% on December 1, 2023, 102% on December 1, 2024, and 100% on December 1, 2025 and thereafter.

The bonds are special, limited revenue obligations of the District's enterprise, payable solely from and secured by the "pledged revenue and funds" as defined in the bond trust indenture. Gross revenues of the enterprise are pledged to payment of the bonds, and remitted to the Trustee in accordance with the Indenture of Trust. The Trustee disburses operating, capital, and debt payments upon review and approval of the bondholder and District management.

The District is subject to various performance covenants that are included in the trust indenture.

Bond maturities

Bond maturities for the next five years and to maturity are subject to principal "mandatory sinking fund redemption" and interest payments as follows:

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

Year ended December 31,	Principal	Interest	Total
2016	\$ 315,000	\$ 1,906,444	\$ 2,221,444
2017	340,000	1,814,800	2,154,800
2018	365,000	1,787,600	2,152,600
2019	395,000	1,758,400	2,153,400
2020	430,000	1,726,800	2,156,800
2021-2025	2,710,000	8,062,000	10,772,000
2026-2030	3,985,000	6,789,200	10,774,200
2031-2035	5,860,000	4,918,000	10,778,000
2036-2040	8,600,000	2,169,600	10,769,600
Total	<u>\$ 23,000,000</u>	<u>\$ 30,932,844</u>	<u>\$ 53,932,844</u>

Additionally, the bonds are subject to payments under a “special mandatory redemption fund” up to a maximum amount of \$2,000,000 for the years 2016, 2017, and 2018, or a maximum payment of \$6,000,000 total over those three years. All such payments are to be credited against the “mandatory sinking fund” installments (per above table) in inverse order of the “mandatory sinking fund” redemption dates. The District did not fund the “special mandatory redemption” fund to the maximum in 2016.

C. Certificates of participation (COPS)

The District entered into a lease purchase agreement for a principal amount of \$8,660,000, dated May 18, 2006, with Todd Creek Farms Metropolitan District No.1 Water Activity Enterprise Leasing Trust 2006 (the Trust). The Trust acts as lessor, and the District acts as lessee. The Trust was created by the Trustee (Zions First National Bank, Denver, Colorado) pursuant to a trust indenture and laws of the State of Colorado. The proceeds of the issuance of the COPS were used to fund the acquisition of water rights and the acquisition, construction and installation of various water and non-potable water facilities. The Trust leases such water rights and facilities to the District pursuant to a 16.5-year lease agreement. Base rentals under the lease agreement were sufficient to cover the payments of principal and interest on the certificates, and all trustee costs. The District could elect at any time to purchase the property from the Trust in an amount sufficient to redeem, pay, and defease all outstanding COPS. At the termination of the lease, ownership of all assets would revert to the District. The obligations of the District under the lease were not secured by a pledge or lien on any revenues or funds of the District, and were payable on a parity basis with other general unsecured capital obligations of the District. The obligations of the District under the lease were subject to a pledge of certain District property constructed with the proceeds of the COPS.

The COPS bore interest at rates ranging from 5.75% to 6.125%. They were subject to optional redemption on December 1, 2012 and thereafter at prices ranging from par to par plus a 2% premium. Certain certificates were subject to a mandatory sinking fund beginning on December 1, 2010.

The District accounts for proceeds of the issuance of the COPS as debt proceeds, and reports all assets of the trust and all outstanding COPS on its financial statements. Rental payments to the Trust are reported as interest expense and principal reductions by the District.

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

The District did not make required minimum rental payments of \$675,845 in 2010, \$937,825 in 2011, \$937,525 in 2012, \$935,788 in 2013 or \$937,713 in 2014 nor any catch-up payments during those periods. This constituted an event of default under the COPS agreement. The District restructured the District's debt, including the bonds, through a refunding of all outstanding debt on November 18, 2015.

Settlement Agreement – COPS

The District entered into a Settlement Agreement with the COPS Trustee, whereby \$4,771,660 of the total outstanding COPS of \$8,660,000 would be retired upon the district's issuance of its Series 2015 Water Activity Enterprise Revenue Refunding and Improvement Bonds (see above). On November 18, 2015, the District paid the agreed amount in full settlement of the COPS.

D. Capital lease obligation

On December 18, 2014, the District entered into a capital lease obligation to purchase two vehicles. The lease is on a monthly basis for 48 consecutive monthly periods with interest and principal payments of \$1,846 with interest of 5.45%. The lease qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2015, were as follows:

Year ended	
<u>December 31,</u>	
1905	\$ 22,152
1905	22,152
1905	<u>20,308</u>
Total minimum lease payments	64,612
Less amount representing interest	<u>(5,000)</u>
Present value of minimum lease payments	<u>\$ 59,612</u>

Note 6 – Line of credit

During 2014 District had a \$1,000,000 line of credit agreement with Valley Bank & Trust which matured November 3, 2010 and was extended to August 3, 2011. No further extension was signed. The credit agreement provided for monthly interest payments at 8.5%. Borrowings under this note agreement are secured by a deed of trust on the District's water rights and storage facilities. Additional security for this agreement was provided by a guarantee from the individual principal of the Developer. At December 31, 2014, the outstanding balance was \$0.

On August 29, 2011, the District filed a complaint against Valley Bank and Trust Company ("the Bank") seeking a declaratory judgment from the Adams County District Court that the line of credit and collateral pledge were void as a matter of law under Article XI, Section 6 of the Constitution of the State of Colorado. Following a trial on the merits on January 13, 2012, and submission by the parties of proposed conclusions of law on February 6, 2012, the Court, on March 19, 2012 entered its Findings of Fact, Conclusions of Law and Order and Judgment in the District's favor, declaring, as a matter of law, that the line of credit and security pledges

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

were void and unenforceable. The Bank filed an appeal of the Court's ruling on June 19, 2012, resulting in the Court of Appeals overturning the District Court's Findings of Fact, Conclusions of Law and Order and Judgment. The District filed a Writ of Certiorari with the Colorado Supreme Court to review the Court of Appeals' ruling. Before the Supreme Court ruled, the parties settled the litigation by Settlement Agreement and Mutual Release effective May 19, 2014, settling the debt for \$1,000,000.

Note 7 – Net position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, loans, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those net assets. As of

December 31, 2015 and 2014, the District has net investment in capital assets of \$22,420,697 and \$18,250,479, respectively. The District had \$6,733,746 and \$995,857 restricted by contractual obligation for payment of debt service as of December 31, 2015 and 2014, respectively.

The District's unrestricted net position as of December 31, 2015 and 2014 is \$(834,152) and \$(607,231), respectively. The deficit amounts are a result of the District being responsible for the repayment of bonds issued for construction, installation and completion of water system improvements.

Note 8 – Related parties

The majority of the District's Board of Directors are either stockholders or employees of The Equinox Land Group, Inc. (the Parent Company). The Parent Company owns Village Water Management, LLC (the Company), with which the District entered into an agreement to perform administrative duties, maintain and administer operations, and handle the financial affairs of the District. The contract expires in 2015, but is subject to the District's annual budget and appropriation. During the years ended December 31, 2015 and 2014, the District paid \$1,020,000 to the Company under this agreement. The District extended the contract in 2016 and anticipates expending \$1,040,400 for that year.

The individual principal of the Developer owned 50% of the Parent Company through December 31, 2009. Effective January 1, 2010, the individual principal of the Developer sold his interest in the Parent Company to the remaining stockholder, who is on the Board of Directors of the District.

The District is assessed a 10% construction management fee by a construction company, owned by the Parent Company, on all construction costs. The District did not pay the construction company any construction management fees for the years ended December 31, 2015 and 2014.

Principals of H30, LLC (see Note 9) also serve on the District's Board of Director's. At December 31, 2015 and 2014, respectively, the District owed H30 LLC \$799,165 \$493,873 and H30 LLC owed the District \$636,764 and \$412,874, related to water agreements disclosed in Note 9.

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

Note 9 – Water agreements

Water Lease Agreements

On January 1, 2004, the District entered into two Water Lease Agreements with Coors Brewing Company (Coors), both renewable annually until December 31, 2006. Under the terms of the agreements, the District received the right for a minimum of 250 acre feet of Leased Water at a rate of \$175 per acre foot in 2005 and \$200 per acre foot in 2006, with minimum annual payments of \$45,500 and \$52,000, respectively, payable on January 1 each year.

Effective January 1, 2008, the District renewed its two Water Lease Agreements with Coors, both now terminating on December 31, 2011 (initial term). Both Agreements were renewed for an additional five year term ending December 31, 2016.

Under the terms of the first Agreement, the District received the right to 100 acre feet of Leased Water at the following per acre foot rates: 2014, \$325, and 2015, \$325. The minimal annual payments were \$32,500 for 2015 and 2014, payable on January 1 each year.

Under the terms of the second Agreement, the District will receive the right to 100 acre feet of Leased Water at the following per acre foot rates: 2014, \$325 and 2015, \$325. The minimal annual payments were \$32,500 for 2015 and 2014, payable on January 1 each year.

Water Share Purchase and Lease-Back Agreement

On June 17, 2014, the District entered into a Water Share Purchase and Lease-Back Agreement with H30 LLC (H30). Principals of H30 also serve on the District's Board of Directors. Under this agreement, H30 funded the \$1,000,000 settlement with Valley Bank and Trust on the District's behalf. As a result, the District conveyed its original Brantner Share certificates to H30, and the District agrees to lease consumable water from H30 at a rate of \$350 per acre foot per year. The term of the lease will continue for as long as H30 owns the Brantner Shares and will terminate when and to the extent H30 sells all or a portion of the shares.

Water Lease Agreement

The District entered into a Water Lease Agreement with H30 LLC on January 1, 2013, to lease consumable water at \$650 per acre foot. The lease expired on December 31, 2013; however, the District and H30 LLC have been operating under the terms of the initial lease subsequent to the termination date.

Water Storage and Facilities Usage and Public Improvements Agreement

On August 21, 2013, the District entered into a Water Storage and Facilities Usage and Public Improvements Agreement with H30 LLC. H30 is granted the use of the following: (1) the District's water storage reservoirs including but not limited to Signal Reservoir No. 1 and Signal Reservoir No. 2 or other District water storage reservoirs designated by the District; (2) water transmission lines, wells, pumps, facilities and appurtenances for the purpose of storing up to 200 acre feet of water and transmitting up to 2,000 acre feet of water per year, provided such storage and transmission does not interfere with the District's use of the Facilities; and (3) the Signal Reservoirs and the District's adjoining land necessary for the purposes of installing temporary and permanent water pumps, pipelines and associated facilities to withdraw water from the Signal Reservoirs and to construct access roads to accept delivery of water into water trucks. H30's Right of Usage is subject to the District's use of the Facilities for the benefit of the

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

District's present or future customers and H30 is not entitled to use any Facilities needed for public use by the District's present or future customers.

As partial consideration for the Right of Usage, H30 has paid the District \$50 per acre foot of water pumped through the District's water lines as measured at the District's alluvial wells or the Guthrie turnout on the Brantner Ditch, but not to exceed \$100,000 per year. As additional consideration, H30 agrees to construct improvements to the Reservoir estimated to be \$750,000, and improvements to the Water Lines and to the District's delivery systems from the reservoirs, estimated to be \$250,000. The Public Improvements will be dedicated to the District on or before the end of the term of this agreement, December 31, 2018, at no cost to the District.

Water Lease Agreement

The District entered into a Water Lease Agreement with H30 LLC on July 1, 2012, to lease water for the purpose of providing potable and non-potable water to service its customers. The District shall pay a monthly fee equal to \$650 per acre foot. The lease terminated on December 31, 2013. The District and H30 LLC have been operating under the initial terms of the lease subsequent to the lease termination date.

Water Lease Agreement

The District entered into a Water Lease Agreement with South Adams County Water and Sanitation District on April 3, 2013, to lease 500 acre feet of water at \$340 per acre foot. On or before March 31 of each subsequent year of the lease term, South Adams shall provide the District with a written Delivery Projection for that year of the lease term. The lease terminates on March 31, 2018.

Water Lease Agreement

On January 1, 2014, the District entered into a Water Lease Agreement with HTC Golf Acquisitions, LLC (HTC) to lease non-potable water to the golf course. The lease commenced on January 1, 2014 and terminated December 31, 2015. The lease fee of \$1.55 per thousand gallons shall be paid on a monthly basis.

Water Lease – Purchase Agreement

On December 8, 2015, the District, Adams County (County) and South Adams County Water and Sanitation District (SACWSD) entered into an intergovernmental agreement regarding the Mann Lakes Reservoir. The County agreed to lease to the District and SACWSD certain storage and inlet/outlet capacity as well as granted a license to use, access, manage, operate, repair and maintain Mann Lakes and the area around Mann Lakes, which is controlled by the County. The County further granted the District and SACWSD a purchase option for the reservoir storage and inlet/outlet capacity, effective when the reservoir becomes operational and remaining in effect through the end of the lease-purchase term. The minimum purchase amount is \$6,238,925, adjusted for credits to and from the District as detailed in the lease-purchase agreement. The term of the lease-purchase expires on December 31, 2015 and shall automatically renew for twelve consecutive one-year periods unless terminated prior to the end of the lease term, and is subject to annual appropriation by the District and SACWSD. The District made an earnest payment to the County of \$30,000, which shall be credited to the first year's lease-purchase. Lease-purchase payments are \$120,000 annually and are due April 1 of each year once the reservoir becomes operational. The District anticipates that the reservoir will be operational in the spring of 2018.

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

Note 10 – Commitments and contingencies

Commitments

Effective March 1, 2009, the District entered into an operating lease ending February 28, 2014 for its administrative offices. The District renewed the lease during 2014 with an expiration date of April 30, 2019. The lessor is an entity related to the Developer. The rental rate is \$3,080 per month, on a triple-net basis whereby the District pays taxes, maintenance and repairs, and insurance.

Minimum base rental payments, including expected property taxes, due for the next five years and in total are as follows:

Year ended December 31,	
2016	\$ 44,688
2017	44,688
2018	44,688
2019	44,688
Total	<u>\$ 178,752</u>

During, 2015, the District entered into an agreement with Lazy H, Inc. for construction of public improvements in the Bartley Subdivision in the amount of \$2,131,770. As of December 31, 2015, the District had \$954,656 in remaining construction obligations.

Contingencies

On August 22, 2013, ALF Todd Creek Village North, L.P. (ALF) filed a complaint against the District regarding the Water and Sewer Agreement with ALF Equinox Todd Creek Village North, LLC (the Joint Venture) seeking a declaration regarding the Joint Venture's obligation to obtain water and sewer service from the District and seeking, in the alternative, breach of contract or anticipatory repudiation claims against the District alleging unspecified damages. On September 11, 2013, the District filed a motion to dismiss all of the claims. On January 6, 2014, the District's motion was denied. The District filed an Answer, Affirmative Defenses and Counterclaims on May 9, 2014, seeking a declaration that the Water and Sewer Agreement is enforceable and provides the District with an exclusive right to provide water and sewer services pursuant to its terms. On March 23, 2015, the matter went to trial and the Court ruled on May 19, 2015, in favor of the District, which ALF has appealed. On August 25, 2016 the Colorado Court of Appeals affirmed the judgment in favor of the District. ALF appealed the ruling to the Colorado Supreme Court on October 15, 2016. As of the date of the report, the District is awaiting the Court's ruling on whether or not to grant a writ of certiorari on the appeal, which is expected during the calendar year 2017.

Note 11 – Subsequent events

During 2016, the District used proceeds from the Series 2015 Bonds for capital improvements that may not be eligible to be funded by such proceeds. This may be a violation of State Statute and a violation of the District's bond covenants. The Bondholder Representative and the District agreed that the District would replenish the Capital Improvement Fund for said improvements by December 30, 2016. The amount was replenished as of August 31, 2016.

Todd Creek Village Metropolitan District

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

December 31, 2015 and 2014

Note 12 – Risk management

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded the commercial insurance coverage limits in any of the past three years.

Note 13 – 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.

The District's management believes it qualifies under the Water Activity Enterprise definition of TABOR and therefore is not subject to the requirements of TABOR. However, TABOR is complex and subject to interpretation.

Note 15 – Noncompliance with Colorado Revised Statute

Colorado Revised Statutes require that local governments submit audited financial statements for calendar year-end by July 31, or September 30 if granted an extension, of the following year. The District was not in compliance with this statutory requirement for the years ended December 31, 2014 and 2015.

Also, see Note 2 regarding budgets and Note 11 regarding the use of certain Series 2015 bond proceeds.

SUPPLEMENTAL INFORMATION

Todd Creek Village Metropolitan District
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Favorable (Unfavorable)
ENTERPRISE:			
Revenues			
Water revenue	\$ 2,530,500	\$ 2,321,058	\$ (209,442)
(FTC) Failure to connect	530,000	499,706	(30,294)
Meters	162,800	123,250	(39,550)
Inspection fees	35,000	37,300	2,300
Lease of water	195,000	223,891	28,891
Tap fees	196,000	240,000	44,000
Investment earnings	1,000	6,646	5,646
Penalties and other income	102,000	112,426	10,426
Total revenues	3,752,300	3,564,277	(188,023)
Expenditures			
Accounting and audit	13,000	31,841	(18,841)
Administration	132,500	129,954	2,546
Bond issuance costs	3,500	691,600	(688,100)
District management	1,020,000	1,020,000	-
Engineering	85,000	234,883	(149,883)
Insurance	19,000	23,183	(4,183)
Interest	-	-	-
Lease payment	521,688	260,844	260,844
Legal	220,150	356,839	(136,689)
Loan fees	-	-	-
Miscellaneous	5,000	578	4,422
MXU system	70,000	162,881	(92,881)
Community relations	2,400	3,428	(1,028)
Raw water acquisition	670,000	1,471,725	(801,725)
Repairs and maintenance	270,000	505,383	(235,383)
Utilities	235,000	379,273	(144,273)
Vehicle expense	-	4,624	(4,624)
Water treatment	6,000	32,795	(26,795)
Total expenditures	3,273,238	5,309,831	(2,036,593)
Excess of enterprise revenues over (under) enterprise expenditures	479,062	(1,745,554)	(2,224,616)

Todd Creek Village Metropolitan District

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUNDS
AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS)
(continued)

For the Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Favorable (Unfavorable)
GENERAL GOVERNMENT:			
Revenues			
Tap fees and availability of service fees	\$ 1,505,170	\$ 3,314,609	\$ 1,809,439
System development fees	-	-	-
Investment earnings	125,000	54,471	(70,529)
Total revenues	<u>1,630,170</u>	<u>3,369,080</u>	<u>1,738,910</u>
Expenditures			
Debt service:			
Interest	1,020,412	1,143,521	(123,109)
Principal	2,353,875	18,399,247	(16,045,372)
Fees	225,000	494,875	(269,875)
Capital Outlay:			
Other	-	-	-
Operating system and storage	300,000	844,477	(544,477)
Total expenditures	<u>3,899,287</u>	<u>20,882,120</u>	<u>(16,982,833)</u>
Other sources			
Bond proceeds, net	-	22,310,000	22,310,000
Excess of general government revenues over (under) general government expenditures	<u>(2,269,117)</u>	<u>4,796,960</u>	<u>7,066,077</u>
Total district revenues	\$ 5,382,470	\$ 29,243,357	23,860,887
Total district expenditures	<u>7,172,525</u>	<u>26,191,951</u>	<u>(19,019,426)</u>
Total excess of revenue over (under) expenditures	(1,790,055)	3,051,406	4,841,461
Funds available - beginning	461,577	1,907,835	1,446,258
Funds available - ending	<u>\$ (1,328,478)</u>	<u>\$ 4,959,241</u>	<u>\$ 6,287,719</u>

Todd Creek Village Metropolitan District

RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2015

REVENUE (BUDGETARY BASIS)	\$ 29,243,357
Add:	
Forgiveness of debt	11,048,672
Less:	
Bond proceeds, net	<u>(22,310,000)</u>
Total revenue (GAAP basis)	<u>17,982,029</u>
EXPENDITURES (BUDGETARY BASIS)	26,191,951
Add:	
Depreciation	1,352,616
Less:	
Principal payments	(18,399,247)
Capital outlay	<u>(844,477)</u>
Total expenses (GAAP basis)	<u>8,300,843</u>
CHANGE IN NET POSITION PER STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	<u><u>\$ 9,681,186</u></u>