

PARK CREEK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2016

with

Independent Auditor's Report



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Hiratsuka & Associates, L.L.P.
Certified Public Accountants & Business Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Park Creek Metropolitan District
Denver, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Park Creek Metropolitan District (the District), Denver, Colorado, 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 (U.S. GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Park Creek Metropolitan District, Denver, Colorado, as of December 31, 2016, and the respective changes in financial position and, where applicable, the respective budgetary comparison for the General Fund for the year then ended in conformity with U.S. GAAP.

Required Supplemental Information

U.S. GAAP requires that management's discussion and analysis on pages III – VIII be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally

accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

U.S. GAAP require that the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund on page 27 and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who consider is to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hiratsuka & Associates, LLP

July 25, 2017
Wheat Ridge, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader of the District's financial issues and activities.

The Management's Discussion and Analysis (MD & A) should be read in conjunction with the District's financial statements.

Financial Highlights

- The net position (deficit) of the District increased by \$6,157,230 in 2016 to \$(185,895,247). A negative net position (deficit) is typical in a metropolitan district, which transfers its capital assets to the controlling government entity (city, town, etc.) after construction is complete but retains the related debt in the district until it is paid off.
- The District is obligated to fund, construct and in some instances maintain infrastructure within the Stapleton Service Area, as defined in the District's service plan.
- In 2016, approximately \$43.5 million was expended for construction of capital assets compared to \$47 million in 2015. Most of the current year's expenditures were concentrated in 4 residential filings; Filing 47, AB, MB, and MC.
- The District has four bond issues outstanding, including Series 2016A Tax Exempt Senior Limited Property Tax Supported Revenue Refunding Bonds which were issued in December 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, deferred inflows of resources and deferred outflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the District that are principally to be supported by ad valorem taxes (governmental activities). The governmental activities of the District include the financing of governmental infrastructure constructed or acquired by the District.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds: General Fund, Capital Projects Fund and Debt Service Fund, all of which are major funds. Information is presented separately in the governmental fund financial statements.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund in the basic financial statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 1-3 of this report.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 4-25 of this report.

Government-wide Financial Analysis

The assets of the District are classified as current assets. Cash and investments, receivables, prepaid expenses and prepaid bond insurance are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are receivables, cash and investments, and prepaid insurance.

Current and noncurrent liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable and accrued interest. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2017.

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 has one type of item that qualifies for reporting in this category, the deferred loss on refunding.

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 one item that qualifies for reporting in this category, system development fees which have been paid but not yet earned.

Current assets decreased by \$1,126,794 primarily as a result of a decrease in the receivable from the developer and Current liabilities decreased by \$1,400,843 mainly due to an decrease in amount due to vendors at the end of the year.

Noncurrent liabilities increased by \$34,719,315 due to funding received from the Developer.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's liabilities exceeded assets by \$185,895,247 at the close of the most recent fiscal year.

Review of Net Position

	December 31,	
	<u>2016</u>	<u>2015</u>
Assets:		
Current assets	\$ 11,118,371	\$ 12,245,165
Capital assets	312,708,644	270,931,620
Total assets	<u>323,827,015</u>	<u>283,176,785</u>
Deferred outflow of resources		
Deferred loss on refunding	28,931,200	30,223,747
Total deferred outflow of resources	<u>28,931,200</u>	<u>30,223,747</u>
Liabilities:		
Current liabilities	13,781,507	15,182,350
Long-term liabilities	524,871,955	490,152,640
Total liabilities	<u>538,653,462</u>	<u>505,334,990</u>
Deferred inflow of resources		
Advances not yet earned	-	118,019
Total deferred inflow of resources	<u>-</u>	<u>118,019</u>
Net position(assets):		
Net investment in capital assets	(184,627,111)	(190,115,292)
Restricted	(996,452)	(429,333)
Unrestricted net position	<u>(271,684)</u>	<u>(1,507,852)</u>
Total net position	<u>\$ (185,895,247)</u>	<u>\$ (192,052,477)</u>

Review of Change in Net Position

	Year Ended December 31,	
	2016	2015
Revenues:		
Program revenue:		
Development fees	\$ 520,455	\$ 4,250,352
Damage & facility fees	5,563,616	4,572,991
General revenue:		
DURA bond draws/TIF revenue	11,316,411	16,439,480
City of Denver/Aurora	94,802	2,347,736
RTD Contribution	227,518	2,358,347
DPS funding	332,852	1,056,369
DWD funding	-	503,213
Interest subsidy income	580,402	577,578
Other income	30,533	20,411
Payments from Westerly Creek	24,167,690	19,831,017
Total revenue	42,834,279	51,957,494
Expenses:		
Governmental activities:		
General government	1,333,577	1,318,349
Depreciation	1,699,534	1,594,994
Transfers to Westerly Creek	305,301	236,270
Interest and other fiscal charges	33,338,637	34,874,011
Total expenses	36,677,049	38,023,624
Excess deficiency before other financing sources (uses)	6,157,230	13,933,870
Other financing sources (uses):		
Infrastructure conveyed to CCD	-	198,098
Total other financing sources (uses)	-	198,098
Total change in net position	6,157,230	14,131,968
Net position - beginning of year	(192,052,477)	(206,184,445)
Net position - end of year	\$(185,895,247)	\$(192,052,477)

Total net position increased by \$6,157,230 mainly due to Transfers from Westerly Creek

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a total ending fund balance of \$7,846,334.

Restricted fund balance for the District at the end of the fiscal year was \$7,221,259, which is restricted for the payment of the general obligation bonds, capital improvements and emergencies.

General Fund Budgetary Highlights

The fund balance for the General Fund increased by \$335,546, resulting in an ending fund balance of \$437,734. Actual revenue were less than budgeted revenue by \$96,69, principally due to a decrease in payments from Westerly Creek Metropolitan District. Actual expenditures were \$522,925 less than budgeted expenditures, principally due to a decrease in maintenance costs.

The fund balance for the Debt Service Fund decreased by \$176,813, resulting in an ending fund balance of \$418,542. Actual revenue were less than budgeted revenue by \$330,943, principally due to a decrease in the payment from Westerly Creek Metropolitan District. Actual expenditures were \$840,304 less than budgeted expenditures, principally due to a decrease in the amount repaid to the Developer.

The fund balance for the Capital Projects Fund increased by \$1,897,166, resulting in an ending fund balance of \$6,990,058. Actual revenue were less than budgeted revenue by \$6,154,439, principally due to a decrease in funding from the various entities. Actual expenditures were \$9,617,422 less than budgeted expenditures, principally due to a decrease in capital expenditures.

Long-Term Debt

At the end of the current fiscal year, the District had total indebtedness of \$526,266,955.

On December 21, 2016 the District issued \$28,000,000 of Senior Limited Property Tax Supported Revenue Bonds Tax Exempt, Series 2016A (the "Series 2016 Bonds") to (i) repay Developer Advances and/or Reimbursement Notes, and (ii) pay cost of issuance relating to the Series 2016 Bonds. The Series 2016 Bonds mature on December 1, 2051 and bear interest at 5.0%, payable semiannually on each June 1 and December 1, commencing on June 1, 2017.

Additional information on the District's long-term debt can be found in Note 4 on pages 13-21 of this report.

Next Year's Budgets and Rates

The District has budgeted to spend approximately \$69,500,000 on infrastructure in 2017, the primarily source of revenue for these improvements is developer advances.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Park Creek Metropolitan District
SDC Services Corp.
Controller's Office
7350 E. 29th Avenue, Suite 200
Denver, CO 80238

PARK CREEK METROPOLITAN DISTRICT

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 286,198	\$ -	\$ -	\$ 286,198	\$ -	\$ 286,198
Cash and investments - restricted	51,443	450,431	8,858,460	9,360,334	-	9,360,334
Accounts receivable:						
Denver Urban Renewal Authority	-	-	72,612	72,612	-	72,612
Forest City	-	-	920,852	920,852	(920,852)	-
Westerly Creek	122,839	-	-	122,839	-	122,839
Denver Public Schools	-	-	835,436	835,436	-	835,436
RTD	-	-	10	10	-	10
Other	-	-	150,614	150,614	24,093	174,707
Prepaid expenses	27,451	-	238,784	266,235	-	266,235
Capital assets not being depreciated	-	-	-	-	290,913,530	290,913,530
Capital assets, net	-	-	-	-	21,795,114	21,795,114
Total Assets	<u>487,931</u>	<u>450,431</u>	<u>11,076,768</u>	<u>12,015,130</u>	<u>311,811,885</u>	<u>323,827,015</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	28,931,200	28,931,200
Total Deferred Outflows of Resources	-	-	-	-	28,931,200	28,931,200
Total Assets and Deferred Outflows of Resources	<u>\$ 487,931</u>	<u>\$ 450,431</u>	<u>\$ 11,076,768</u>	<u>\$ 12,015,130</u>		
LIABILITIES						
Accounts payable	\$ 50,197	\$ 31,889	\$ 4,086,710	\$ 4,168,796	-	4,168,796
Accrued interest	-	-	-	-	8,217,711	8,217,711
Long-term liabilities:						
Due within one year	-	-	-	-	1,395,000	1,395,000
Due in more than one year bonds	-	-	-	-	-	-
Due in more than one year	-	-	-	-	524,871,955	524,871,955
Total Liabilities	<u>50,197</u>	<u>31,889</u>	<u>4,086,710</u>	<u>4,168,796</u>	<u>534,484,666</u>	<u>538,653,462</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	27,451	-	238,784	266,235	(266,235)	-
Restricted:						
Emergencies	51,443	-	-	51,443	(51,443)	-
Debt service	-	418,542	-	418,542	(418,542)	-
Capital projects	-	-	6,751,274	6,751,274	(6,751,274)	-
Unassigned	358,840	-	-	358,840	(358,840)	-
Total Fund Balances	<u>437,734</u>	<u>418,542</u>	<u>6,990,058</u>	<u>7,846,334</u>	<u>(7,846,334)</u>	<u>-</u>
Total Liabilities, and Fund Balance	<u>\$ 487,931</u>	<u>\$ 450,431</u>	<u>\$ 11,076,768</u>	<u>\$ 12,015,130</u>		
Net Position:						
Net investment in capital assets					(184,627,111)	(184,627,111)
Restricted for:						
Emergencies					51,443	51,443
Debt service					(7,799,169)	(7,799,169)
Capital projects					6,751,274	6,751,274
Unrestricted					(271,684)	(271,684)
Total Net Position					<u>\$ (185,895,247)</u>	<u>\$ (185,895,247)</u>

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

PARK CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 24,542	\$ -	\$ -	\$ 24,542	\$ -	\$ 24,542
Office expenses	6,297	-	-	6,297	-	6,297
Insurance	25,991	-	-	25,991	-	25,991
Legal	22,337	-	-	22,337	-	22,337
Maintenance	945,670	-	-	945,670	-	945,670
Miscellaneous expenses	18,000	-	-	18,000	-	18,000
Payments to Westerly Creek	85,641	219,660	-	305,301	-	305,301
Debt Service:						
Principal	-	1,000,000	-	1,000,000	(1,000,000)	-
Interest expense	-	23,679,854	-	23,679,854	1,054,232	24,734,086
Bond issuance costs	-	765,860	-	765,860	-	765,860
Capital expenditures	-	-	43,476,558	43,476,558	(43,476,558)	-
Damage repairs	-	-	290,740	290,740	-	290,740
Depreciation	-	-	-	-	1,699,534	1,699,534
Bond insurance	-	119,709	-	119,709	-	119,709
Repay developer advances - principal	59,833	32,038,459	1,439,507	33,537,799	(33,537,799)	-
Repay developer advances - interest	2,524	160,421	2,377,773	2,540,718	5,178,264	7,718,982
Total Expenditures	<u>1,190,835</u>	<u>57,983,963</u>	<u>47,584,578</u>	<u>106,759,376</u>	<u>(70,082,327)</u>	<u>36,677,049</u>
PROGRAM REVENUES						
Facility fees	-	-	5,097,300	5,097,300	-	5,097,300
Damage and mailbox fees	-	-	466,316	466,316	-	466,316
System development fees	-	-	520,455	520,455	-	520,455
Total Program Revenues	<u>-</u>	<u>-</u>	<u>6,084,071</u>	<u>6,084,071</u>	<u>-</u>	<u>6,084,071</u>
Net Program Income (Expenses)	<u>(1,190,835)</u>	<u>(57,983,963)</u>	<u>(41,500,507)</u>	<u>(100,675,305)</u>	<u>70,082,327</u>	<u>(30,592,978)</u>
GENERAL REVENUES						
Payments from Westerly Creek	2,203,061	21,964,629	-	24,167,690	-	24,167,690
DURA bond draws/TIF Revenue	-	-	11,316,411	11,316,411	-	11,316,411
City and County of Denver P6	-	-	94,802	94,802	-	94,802
RTD Contribution	-	-	227,518	227,518	-	227,518
DPS funding	-	-	332,852	332,852	-	332,852
Interest subsidy income	-	580,402	-	580,402	-	580,402
Other income	-	626	29,907	30,533	-	30,533
Total General Revenues	<u>2,203,061</u>	<u>22,545,657</u>	<u>12,001,490</u>	<u>36,750,208</u>	<u>-</u>	<u>36,750,208</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,012,226	(35,438,306)	(29,499,017)	(63,925,097)	70,082,327	6,157,230
OTHER FINANCING SOURCES (USES)						
Refunding Bonds	-	28,000,000	-	28,000,000	(28,000,000)	-
Premium on bonds	-	2,748,469	-	2,748,469	(2,748,469)	-
Developer advances	53,353	3,792,316	31,386,858	35,232,527	(35,232,527)	-
Transfers in (out)	<u>(730,033)</u>	<u>720,708</u>	<u>9,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(676,680)</u>	<u>35,261,493</u>	<u>31,396,183</u>	<u>65,980,996</u>	<u>(65,980,996)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	335,546	(176,813)	1,897,166	2,055,899	(2,055,899)	
CHANGE IN NET POSITION					6,157,230	6,157,230
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>102,188</u>	<u>595,355</u>	<u>5,092,892</u>	<u>5,790,435</u>	<u>(197,842,912)</u>	<u>(192,052,477)</u>
END OF YEAR	<u>\$ 437,734</u>	<u>\$ 418,542</u>	<u>\$ 6,990,058</u>	<u>\$ 7,846,334</u>	<u>\$ (193,741,581)</u>	<u>\$ (185,895,247)</u>

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

PARK CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2016

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Payments from Westerly Creek	\$ 2,298,760	\$ 2,203,061	\$ (95,699)
Other income	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Revenues	<u>2,299,760</u>	<u>2,203,061</u>	<u>(96,699)</u>
EXPENDITURES			
Accounting and audit	25,000	24,542	458
Office expenses	6,000	6,297	(297)
Insurance	25,000	25,991	(991)
Legal	18,000	22,337	(4,337)
Maintenance	999,030	945,670	53,360
Miscellaneous expenses	23,000	18,000	5,000
Repay developer advances - principal	115,000	59,833	55,167
Repay developer advances - interest	10,000	2,524	7,476
Contingency	356,344	-	356,344
Emergency Reserve	51,443	-	51,443
Payments to Westerly Creek	<u>84,943</u>	<u>85,641</u>	<u>(698)</u>
Total Expenditures	<u>1,713,760</u>	<u>1,190,835</u>	<u>522,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	586,000	1,012,226	426,226
OTHER FINANCING SOURCES (USES)			
Developer advances	115,000	53,353	(61,647)
Transfers in (out)	<u>(701,000)</u>	<u>(730,033)</u>	<u>(29,033)</u>
Total Other Financing Sources (Uses)	<u>(586,000)</u>	<u>(676,680)</u>	<u>(90,680)</u>
NET CHANGE IN FUND BALANCE	-	335,546	335,546
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>102,188</u>	<u>102,188</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 437,734</u>	<u>\$ 437,734</u>

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

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Park Creek Metropolitan District (“District”), located in the City and County of Denver, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on July 13, 2000, as a quasi-municipal organization established under the State of Colorado Special District Act. The District, in cooperation with Westerly Creek Metropolitan District (“Westerly Creek”), manages the financing, construction, operation and maintenance of the infrastructure facilities located within Westerly Creek. The District is the financing, construction and operating district and Westerly Creek is the taxing district. The District and Westerly Creek were organized for the completion of infrastructure at the former Stapleton International Airport. The District’s primary revenues are system development fees, damage and facility fees, and DURA bond draws/TIF revenue. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

PARK CREEK METROPOLITAN DISTRICT

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The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

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

Subsequent to year end, the District amended its total appropriations; Debt Service Fund from \$27,964,558 to \$58,704,558 primarily due to the issuance of the Series 2016 Bonds.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. These amounts are eliminated in the Statement of Net Position.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, system development fees that have been collected but not yet earned.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Landscaping	20 years
Alleys and storm sewers	20 years
Buildings and improvements	20 years
Furniture, fixtures and equipment	5 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund and the Capital Projects Fund represents prepaid expenditures, including prepaid insurance.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$51,443 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$418,542 is restricted for the payment of the debt service costs associated with the various District Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$6,751,274 is restricted for the payment of the costs associated with capital improvements within the District, including financing costs.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

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

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 286,198
Cash and investments - Restricted	<u>9,360,334</u>
Total	\$ <u>9,646,532</u>

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

Deposits with financial institutions	\$ 9,351,336
Investments – First American Government Obligation Fund	<u>295,196</u>
	\$ <u>9,646,532</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act (“PDPA”), requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

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

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

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

First American Government Obligation Fund

The debt service money that was included in the trust accounts at US Bank were invested in the First American Government Obligation Fund. This portfolio is a money market mutual fund which invests in short-term U.S. government securities, including repurchase agreements collateralized by U.S. government securities. U.S. government securities are bonds or other debt obligations issued or guaranteed as to principal and interest by the U.S. government or one of its agencies or instrumentalities. The First American Government Obligation Fund is rated AAAM by Standard and Poor's and the maturity is weighted average under 46 days. At December 31, 2016, the District had \$295,196 invested in the First American Government Obligation Fund.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2016</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 2,791,283	\$ -	\$ -	\$ 2,791,283
Art	1,570,303	213,889	-	1,784,192
Construction in progress	243,075,386	43,262,669	-	286,338,055
Total capital assets not being depreciated	<u>247,436,972</u>	<u>43,476,558</u>	<u>-</u>	<u>290,913,530</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	6,491,516	-	-	6,491,516
Landscaping	15,950,914	-	-	15,950,914
Alleys and storm sewers	11,315,887	-	-	11,315,887
Furnitures, fixtures and equipment	368,862	-	-	368,862
Total capital assets being depreciated	<u>34,127,179</u>	<u>-</u>	<u>-</u>	<u>34,127,179</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	(2,277,102)	(324,576)	-	(2,601,678)
Landscaping	(3,543,946)	(797,546)	-	(4,341,492)
Alleys and storm sewers	(4,455,612)	(564,423)	-	(5,020,035)
Furnitures, fixtures and equipment	(355,871)	(12,989)	-	(368,860)
Total accumulated depreciation	<u>(10,632,531)</u>	<u>(1,699,534)</u>	<u>-</u>	<u>(12,332,065)</u>
Net capital assets being depreciated	<u>23,494,648</u>	<u>(1,699,534)</u>	<u>-</u>	<u>21,795,114</u>
Government type assets, net	<u>\$270,931,620</u>	<u>\$41,777,024</u>	<u>\$ -</u>	<u>\$312,708,644</u>

Upon completion and acceptance, all fixed assets except for certain parks and landscape improvements, pools, alleys and furniture, fixtures and equipment will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2016, is as follows:

Series 2013 Subordinate Limited Property Tax Supported Revenue Bonds

On July 17, 2013, the District issued \$50,000,000 of Subordinate Limited Property Tax Supported Revenue Bonds (the "Series 2013 Bonds"). The Series 2013 Bonds were issued for the purpose of (i) currently refunding all of the \$15,535,000 outstanding aggregate principal amount of the District's Junior Subordinate Limited Property Tax Supported Revenue Bonds, Series 2005, (ii) advance refunding all of the \$18,965,000 outstanding aggregate principal amount of the District's Subordinate Limited Property Tax Supported Revenue Bonds, Series 2003A and all of the \$9,965,000 outstanding aggregate principal amount of the District's Subordinate Limited Property Tax Supported Revenue Bonds, Series 2003B, (iii) repaying certain Developer Advances, (iv) funding certain capitalized interest for the Series 2013 Subordinate Bonds, and (v) paying costs of issuance related to the Series 2013 Subordinate Bonds. The Series 2013 Bonds bear a fixed interest rate of 6.875%, payable semiannually on each June 1 and December 1, commencing on December 1, 2013. The bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2018, subject to the availability of funds in the Subordinate Bond Fund. The Bonds are subject to an early redemption at the option of the District commencing December 1, 2024, with no call premium. The Series 2013 Bonds mature on December 1, 2041. The Series 2013 Bonds are secured by Pledged Revenues comprised primarily of Subordinate Tax Revenues as defined in the Senior Indenture.

The Series 2013 Bonds were issued at a discount of \$772,000, which will be amortized over the life of the bonds. Amortization expense for the year ended December 31, 2016 amounted to \$27,183. As of December 31, 2016, \$95,891 has been amortized leaving a remaining unamortized balance of \$676,109.

Series 2014 Second Lien Subordinate Limited Property Tax Supported Revenue Bonds

On July 14, 2014, the District issued \$50,000,000 of Second Lien Subordinate Limited Property Tax Supported Revenue Bonds Series 2014 (the "Series 2014 Bonds") for the purpose of (i) refunding certain outstanding Reimbursement Notes, (ii) funding certain capitalized interest for the Series 2014 Bonds, and (iii) paying costs of issuance related to the Series 2014 Bonds. The Series 2014 Bonds bear interest at the rate of 7.25%, payable semiannually on each June 1 and December 1, commencing on December 1, 2015 and are subject to a mandatory sinking fund redemption commencing on December 1, 2042. The Series 2014 Bonds are subject to an early redemption at the option of the District commencing June 1, 2018 with no call premium. The Series 2014 Bonds are payable solely from the Second Lien Subordinate Revenues, as defined in the Second Lien Subordinate Indenture.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Series 2015 Senior Limited Property Tax Supported Revenue Refunding Bonds

On December 17, 2015, the District issued \$231,290,000 of Senior Limited Property Tax Supported Revenue Bonds, Series 2015A (the "Series 2015 Bonds") for the purpose of (i) refunding the Senior Limited Property Tax Supported Revenue Bonds, Series 2005 (the "Series 2005 Bonds"), Senior Limited Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2009 (the "Series 2009 Bonds") and the of Senior Limited Property Tax Supported Revenue Refunding Bonds, Series 2011A (the "Series 2011A Bonds"), (ii) repaying certain Developer advances and/or Reimbursement Notes, and (iii) paying costs of issuance. The Series 2015 Bonds mature on December 1, 2045 and bear interest between the rates of 2.0%-5.0%, payable semiannually on each June 1 and December 1, commencing on June 1, 2016. The Series 2015 Bonds maturing on or after December 1, 2026 are subject to a redemption prior to maturity at the option of the District commencing on December 1, 2025, in whole or in part on any date, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date. The Series 2015 Bonds maturing on December 1, 2045 are subject to mandatory sinking fund redemption commencing on December 1, 2036. The Series 2015 Bonds are secured by Pledged Revenues including (i) amounts payable to the District under the Stapleton Urban Redevelopment Area Cooperation Agreement, as amended between DURA and the City, and a Cooperation Agreement, as amended among DURA, the District and Westerly Creek, pursuant to which DURA agrees to pay to the District taxes collected by the City and paid to DURA from the Westerly Creek Limited Mill Levy, a limited ad valorem mill levy of not to exceed 50 mills, as adjusted of which at least 48.5 mills, as adjusted, must be levied for debt service, and (ii) the amount of Specific Ownership Taxes collected by the District from Westerly Creek in each twelve month period from December 1 through November 30 in the lesser amount of \$700,000, or the amount received.

The Series 2015 Senior Bonds were issued at a premium of \$25,193,519 which is being amortized over the life of the bonds. As of December 31, 2016, \$874,775 has been amortized.

Series 2016A Senior Limited Property Tax Supported Revenue Bonds

On December 21, 2016 the District issued \$28,000,000 of Senior Limited Property Tax Supported Revenue Bonds Tax-Exempt, Series 2016A (the "Series 2016 Bonds") to (i) repay Developer Advances and/or Reimbursement Notes, and (ii) pay cost of issuance relating to the Series 2016 Bonds. The Series 2016 Bonds mature on December 1, 2051 and bear interest at rates between 4.125% and 5.0%, payable semiannually on each June 1 and December 1, commencing on June 1, 2017. The Series 2016 Bonds maturing on or after December 1, 2027 are subject to a redemption prior to maturity at the option of the District commencing on December 1, 2026, in whole or in part on any date, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date. The Series 2016 Bonds maturing on December 1, 2051 are subject to mandatory sinking fund redemption commencing on December 1, 2037.

The Series 2016 Bonds are secured by Pledged Revenues on a parity basis with the Series 2015 Bonds.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

The Series 2016 Senior Bonds were issued at a premium of \$2,748,470 which is being amortized over the life of the bonds. As of December 31, 2016, \$2,724 has been amortized.

Advance Refunding of Debt

The Series 2013 Bonds were issued to provide resources to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$15,535,000 of Junior Subordinate Limited Property Tax Supported Revenue Bonds Series Bonds 2005 and \$28,930,000 of Subordinate Limited Property Tax Supported Revenue Bonds Series 2003 A and B. As a result, the refunded bonds are considered to be defeased, and the liabilities have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,190,767. This amount is recorded as a deferred outflow and is being amortized over the remaining life of the new debt issued. The refunding resulted in an economic gain of \$2,376,385 and an increase of \$23,603,032 in future debt service requirements.

The Series 2015 Bonds were issued to provide resources to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2005 Bonds, the Series 2009 Bonds and the Series 2011A Bonds. As a result, the refunded bonds are considered to be defeased and the liabilities have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$29,202,986. This amount is recorded as a deferred outflow and is being amortized over the remaining life of the old debt issued. The refunding resulted in an economic gain of \$33,416,335 and an increase of \$84,972,084 in future debt service requirements.

The following is a summary of the annual long-term debt principal and interest requirements for the District's outstanding Limited Property Tax Supported Revenue Bonds.

	Principal	Interest	Total
2017	\$ 1,395,000	\$ 19,786,181	\$ 21,181,181
2018	2,200,000	19,806,700	22,006,700
2019	2,700,000	19,701,825	22,401,825
2020	5,775,000	19,564,300	25,339,300
2021	6,740,000	19,301,406	26,041,406
2022-2026	39,465,000	90,747,406	130,212,406
2026-2031	51,130,000	79,066,750	130,196,750
2032-2036	66,345,000	63,854,406	130,199,406
2037-2041	74,835,000	45,104,500	119,939,500
2042-2046	106,705,000	14,881,174	121,586,174
2047-2051	1,000,000	123,750	1,123,750
	<u>\$ 358,290,000</u>	<u>\$ 391,938,398</u>	<u>\$ 750,228,398</u>

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Developer Obligations
Subordinate Reimbursement Revenue Notes Payable

On June 15, 2011, the District converted \$9,003,223 of Developer Advances to a Taxable Subordinate Reimbursement Revenue Note In-Tract, Series 2011B (the “Series 2011B Note”) to Stapleton Land, LLC. The note accrues interest at the rate of 8.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing December 15, 2011 and matures June 1, 2051. The Series 2011B Note is payable solely from the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and subject to the prior claims on such pledged revenues. As of December 31, 2016, the outstanding balance of the note is \$7,779,933 and accrued interest due of \$18,366.

On June 15, 2011, the District converted \$873,784 of Developer Advances to a Taxable Subordinate Reimbursement Revenue Note In-Tract, Series 2011C (the “Series 2011C Note”) to Stapleton Land, LLC. The note accrued interest at the rate of 8.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing December 15, 2011 and matures June 1, 2051. The Series 2011C Note was payable solely from the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and subject to the prior claims on such pledged revenues. During 2016, this Note was paid in full.

On August 1, 2012, the District converted \$3,219,327 of Developer Advances to a Tax Exempt Subordinate Reimbursement Revenue Note In-Tract, Series 2012A (the “Series 2012A Note”) to Stapleton Land, LLC. The note accrues interest at the rate of 8.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing December 15, 2012 and matures June 1, 2052. The Series 2012A Note is payable solely from the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and subject to the prior claims on such pledged revenues. As of December 31, 2016, the outstanding balance of the note is \$3,164,499 and accrued interest due of \$12,702.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

On April 8, 2014, the District converted \$49,813,831 of Developer Advances to a Tax-Exempt Subordinate Reimbursement Revenue Note In-Tract, Series 2014A (the "Series 2014A Note") to Stapleton Land, LLC. The note accrues interest at the rate of 8.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing June 15, 2014 and matures December 1, 2044. The Series 2014A Note is payable solely from the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and subject to the prior claims on such pledged revenues. As part of the Series 2014 Bonds issuance, \$4,128,198 was refunded, and as part of the Series 2015 Bonds issuance, \$30,784,374 of the Series 2014A Note was refunded. As of December 31, 2016, the outstanding balance of the note is \$14,901,259 and accrued interest due of \$59,812.

On April 1, 2015, the District converted \$41,125,415 of Developer Advances to a Tax-Exempt Subordinate Reimbursement Revenue Note In-Tract, Series 2015A (the "Series 2015A Note") to Stapleton Land, LLC. The note accrues interest at the rate of 8.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing June 15, 2015 and matures December 15, 2054. The Series 2015A Note is payable solely from the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and subject to the prior claims on such pledged revenues. As of December 31, 2016, the outstanding balance of the note is \$41,125,415 and accrued interest due of \$165,073.

On April 1, 2015 the District converted \$4,000,000 of Developer Advances to a Tax-Exempt Subordinate Reimbursement Revenue Note In-Tract, Series 2015B (the "Series 2015B Note") to Stapleton Land, LLC. The note accrues interest at the rate of 8.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing June 15, 2015 and matures December 15, 2054. The Series 2015B Note is payable solely from the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and subject to the prior claims on such pledged revenues. As of December 31, 2016, the outstanding balance of the note is \$4,000,000 and accrued interest due of \$16,056.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Subordinate Notes - Subsidized

On January 4, 2010, the District converted an additional \$6,372,959 of Developer Advances to a Taxable Subordinate Reimbursement Revenue Note In-Tract, Series 2010B (Build America Notes – Direct Payment) (the “Series 2010B Note”) to Stapleton Land, LLC which was issued under the US Government sponsored Build America Bond (BAB) program. The note accrues interest at the rate of 9.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing June 15, 2010 and matures December 15, 2049. The Series 2010B Note is payable solely from (i) the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and (ii) Subsidy Payments and subject to the prior claims on such pledged revenues. As of December 31, 2016, the outstanding balance of the note is \$6,372,959 and accrued interest due of \$28,590.

On September 8, 2010, the District converted an additional \$5,878,359 of Developer Advances to a Taxable Subordinate Reimbursement Revenue Note In-Tract, Series 2010C (Build America Notes – Direct Payment) (the “Series 2010C Note”) to Stapleton Land, LLC which was issued under the US Government sponsored Build America Bond (BAB) program. The note accrues interest at the rate of 9.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing December 15, 2010 and matures December 15, 2049. The Series 2010C Note is payable solely from (i) the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and (ii) Subsidy Payments and subject to the prior claims on such pledged revenues. As of December 31, 2016, the outstanding balance of the note is \$5,878,359 and accrued interest due of \$26,371.

On December 29, 2010, the District converted an additional \$6,180,826 of Developer Advances to a Taxable Subordinate Reimbursement Revenue Note In-Tract, Series 2010D (Build America Notes – Direct Payment) (the “Series 2010D Note”) to Stapleton Land, LLC which was issued under the US Government sponsored Build America Bond (BAB) program. The note accrues interest at the rate of 9.5% per annum, calculated on the basis of a 360 day year and actual days elapsed, payable semi-annually on June 15 and December 15 of each year commencing June 15, 2011 and matures December 15, 2050. The Series 2010D Note is payable solely from (i) the pledged revenues available to the District in accordance with the Reimbursement Agreement between the District and Stapleton Land, LLC and to the extent that funds become legally available for such purpose and (ii) Subsidy Payments and subject to the prior claims on such pledged revenues. As of December 31, 2016, the outstanding balance of the note is \$6,180,826 and accrued interest due of \$27,728.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

The Series 2010B Notes, Series 2010C Notes and Series 2010D notes were issued as “Build America Bonds” as defined by the American Recovery and Reinvestment Act of 2009. Per this act, the District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to 35% of the interest payable on the bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States government, but is required to be paid under the Recovery Act. For 2016, per notification from the IRS, the subsidy payments applied for were reduced by 6.8% in May 2016 and 6.9% in November 2016 (“Sequestration Reduction”).

Junior Lien Reimbursement Revenue Notes payable

As of December 31, 2016, the District had \$8,102,555 of outstanding Junior Lien Reimbursement Revenue Notes payable. The notes are payable to an affiliate or partner of Forest City Enterprises. Interest on the Junior Lien notes accrues interest at the rate of 7.875% to 9.5% per annum payable semi-annually on June 15 and December 15 of each year. Accrued interest at December 31, 2016 totaled \$3,464,578. All notes are to be repaid from available Pledged Revenues (as defined in various bond indentures and reimbursement agreements), proceeds from future bond issues, or from funds available to the District not otherwise appropriated or obligated for any future purpose in any fiscal year at the District’s discretion until all notes and interest accrued thereon have been discharged.

Developer Advances

Forest City Enterprises, through an affiliate, has entered into various reimbursement agreements identified below under which funds are advanced to the District for process of construction costs including interest, and for debt service payments on certain outstanding bonds should Pledged Revenues not be available. Each type of advance is described below. As of December 31, 2016, the District had \$44,082,770 of outstanding developer advances and accrued interest of \$2,819,547. Advances are to be repaid from available Pledged Revenues (as defined in various bond indentures and reimbursement agreements), proceeds from future bond issues, or from funds available to the District not otherwise appropriated or obligated for any future purpose in any fiscal year at the District’s discretion until all notes and interest accrued thereon have been discharged.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Projects and Interest on Advances

The District has entered into the Third Amended and Restated Reimbursement Agreement for In-Tract Infrastructure dated December 3, 2009 and the Second Amended and Restated Reimbursement Agreement for Trunk Infrastructure dated February 28, 2013 with Stapleton Land, LLC, an affiliate of Forest City Enterprises (Developer). Under the terms of these agreements if available revenues are insufficient to fund construction or operating costs, the Developer agrees to make Developer Advances to fund such costs. Advances made under the In-Tract agreement accrue interest at prevailing market rates or 8.5%, subject to appropriate confirmation of the prevailing market rate for tax-exempt advances and 9.5% for taxable advances. Interest is due each June 15 and December 15 commencing June 15, 2010. The Agreements shall terminate July 14, 2025 or on the date of repayment of all amounts due and owing for Advances, whichever date occurs last.

Advances for Bond Interest

The District has entered into an Amended and Restated Reimbursement Agreement for Subordinate Bonds (In-Tract Infrastructure) dated May 1, 2013 as amended July 15, 2014. Under the terms of the Subordinate Agreement, if sufficient funds are not available to the District from Pledged Revenues the Developer has the discretion to advance the funds necessary for the District to pay debt service on the Subordinate Bonds and the Second Lien Subordinate Bonds. Advances accrue interest at the same rate as the bonds or loans for which the advance is made, which is between 8.0% and 9.5%. Advances and accrued interest shall be payable on December 15 of each year from pledged revenues, as defined in the Senior Indenture, available for repayment of Junior Lien Obligations in the Junior Lien Obligations Fund, if not pledged to other obligations, and from other funds available to the District not otherwise appropriated or obligated for any current or future purposes in any fiscal year, in the District's discretion. The Agreement shall terminate May 1, 2053 or until the date of repayment of all amounts due and owing for Advances, whichever date occurs last.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

The following is an analysis of changes in long-term debt for the period ending December 31, 2016:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Current Portion
Limited Property Tax Supported Revenue General Obligation Bonds:					
Series 2013 Bonds	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000	\$ -
Series 2014 Bonds	50,000,000		-	50,000,000	-
Series 2015 Bonds	231,290,000		1,000,000	230,290,000	1,395,000
Series 2016 Bonds	-	28,000,000	-	28,000,000	-
Developer Obligations:					
Subordinate notes	73,069,565	-	2,098,459	70,971,106	-
Subordinate notes - subsidized	18,432,144	-	-	18,432,144	-
Junior lien notes	8,102,555	-	-	8,102,555	-
Developer advances	35,803,140	39,718,970	31,439,340	44,082,770	-
Total	<u>466,697,404</u>	<u>67,718,970</u>	<u>34,537,799</u>	<u>499,878,575</u>	<u>1,395,000</u>
Original issue discount	(703,292)	-	(27,183)	(676,109)	
Original issue premium	25,158,528	2,748,469	842,508	27,064,489	-
	<u>\$ 491,152,640</u>	<u>\$ 70,467,439</u>	<u>\$ 35,353,124</u>	<u>\$ 526,266,955</u>	<u>\$ 1,395,000</u>

Debt Authorization

As of December 31, 2016, the District had remaining voted debt authorization of approximately \$4,993,860,966. The District has not budgeted to issue any new debt during 2017. Per the District's Service Plan, the District cannot issue debt in excess of \$679,415,000 for In-Tract and \$706,905,000 for Trunk.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Note 5: Intergovernmental Agreement

The District and Westerly Creek entered into an Intergovernmental Financing and Construction Agreement (“IGA”) dated April 30, 2001. Per the IGA, the District will finance the construction costs for the In-Tract and Trunk Infrastructure in accordance with the Service Plan and will be responsible for the completion of the Infrastructure. Westerly Creek agreed to certify a mill levy on all taxable property within the Westerly Creek District of 48.5 mills (as adjusted) to repay all obligations and construction costs and 1.5 mills (as adjusted) to fund administrative and operating expenses of the Westerly Creek District and the District. Westerly Creek agreed to pay to the District any tax revenue it receives.

Note 6: Operating Lease

On November 15, 2010, the District leased office facilities under an operating lease with SDC Services Corporation (“SDC Services”). This lease was effective for five years beginning March 1, 2009 and expired on February 28, 2014. On March 1, 2014, the District entered into a new sublease agreement for office space with SDC Services. This lease expires on February 28, 2016. For the year ended December 31, 2016, total lease expense amounted to \$12,534. Future lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Lease</u> <u>Payments</u>
2017	<u>\$ 350</u>

Note 7: Related Party

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

The Developer oversees the development of infrastructure for the District through the Management Services Agreement dated April 30, 2001. Fees for services under the agreement are approved through Individual Facilities Development Agreements signed by the District, the Developer and City and County of Denver. For the year ended December 31, 2016, the District paid the Developer \$1,915,820 for these services. This expense is included as a part of the capital expenditure amount. At December 31, 2016, the District owed the Developer \$179,600 related to these services. In addition, the Developer may pay costs on behalf of the District, and the District then reimburses the Developer for these costs. All required accounting and management services are provided by SDC Services, an affiliate of Stapleton Development Corp. During 2016, \$249,637 was paid to SDC Services for accounting and management services. A portion of these expenses related to capital improvements are included in capital expenditures amount. Also see Note 6 for operating lease with SDC Services. During 2016, interest of \$12,922,787 was paid to the Developer and affiliated entities.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Note 8: Tax, Spending and Debt Limitations

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

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

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

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

Note 9: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

During 2016, the District purchased a pollution liability insurance policy. Paid premiums cover a ten-year period from 2016 and as such are accounted for as a prepaid asset that the District is amortizing until the end of that period, April 20, 2026. This policy provides insurance up to \$25 million for claims from pre-existing pollution conditions and up to \$25 million for claims on new pollution conditions on District property and is in place to protect the District. The City and County of Denver is principally responsible for remediation of the former Stapleton International Airport and carries its own pollution liability insurance policy. The prepaid balance as of December 31, 2016 is \$229,395.

Note 10: Contingencies

District management is aware that invoices related to Infrastructure construction in 2016 may have not been approved or presented for payment. To the extent these invoices are approved by all appropriate parties, the District will record the invoices in the District financial statements during the year ended December 31, 2016. The District estimates the total of these potential invoices is less than \$100,000.

Note 11: Interfund and Operating Transfers

The transfer of \$720,708 from the General Fund to the Debt Service Fund was transferred for the purpose of transferring Specific Ownership Taxes transferred from Westerly Creek Metropolitan District. The transfer of \$9,325 from the General Fund to the Capital Projects Fund was to pay costs associated with the public art.

Note 12: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond/loan interest payable are not due and payable in the current period and, therefore, are not in the funds.

PARK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

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

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances, loan and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

PARK CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2016

	Original	Final		Variance
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES				
Payments from Westerly Creek	\$ 22,296,100	\$ 22,296,100	\$ 21,964,629	\$ (331,471)
Interest subsidy income	600,000	580,000	580,402	402
Other income	1,500	500	626	126
	<u>22,897,600</u>	<u>22,876,600</u>	<u>22,545,657</u>	<u>(330,943)</u>
EXPENDITURES				
Interest expense	24,436,597	24,436,597	23,679,854	756,743
Principal	3,285,000	3,285,000	1,000,000	2,285,000
Paying agent fees	20,000	20,000	-	20,000
Bond issuance costs	-	800,000	765,860	34,140
Bond insurance	-	-	119,709	(119,709)
Repay developer advances - principal	-	29,940,000	32,038,459	(2,098,459)
Payments to Westerly Creek	222,961	222,961	219,660	3,301
	<u>27,964,558</u>	<u>58,704,558</u>	<u>57,983,963</u>	<u>720,595</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(5,066,958)	(35,827,958)	(35,438,306)	389,652
OTHER FINANCING SOURCES (USES)				
Refunding Bonds	-	28,000,000	28,000,000	-
Premium on bonds	-	2,800,000	2,748,469	(51,531)
Developer advances	8,000,000	5,000,000	3,792,316	(1,207,684)
Payment to escrow agent	-	-	-	-
Transfers in (out)	700,000	700,000	720,708	20,708
	<u>8,700,000</u>	<u>36,500,000</u>	<u>35,261,493</u>	<u>(1,238,507)</u>
NET CHANGE IN FUND BALANCE				
	3,633,042	672,042	(176,813)	(848,855)
FUND BALANCE:				
BEGINNING OF YEAR	<u>3,620,095</u>	<u>595,355</u>	<u>595,355</u>	<u>-</u>
END OF YEAR	<u>\$ 7,253,137</u>	<u>\$ 1,267,397</u>	<u>\$ 418,542</u>	<u>\$ (848,855)</u>

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

PARK CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2016

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
System development fees	\$ 1,575,000	\$ 520,455	\$ (1,054,545)
Facility fees	4,016,000	5,097,300	1,081,300
Damage and mailbox fees	395,000	466,316	71,316
DURA bond draws/TIF Revenue	16,854,000	11,316,411	(5,537,589)
City and County of Denver P6	500,000	94,802	(405,198)
RTD Contribution	200,000	227,518	27,518
DPS funding	500,000	332,852	(167,148)
DWD funding	-	-	-
Other income	<u>200,000</u>	<u>29,907</u>	<u>(170,093)</u>
Total Revenues	<u>24,240,000</u>	<u>18,085,561</u>	<u>(6,154,439)</u>
EXPENDITURES			
Capital expenditures	52,305,000	43,476,558	8,828,442
Other capital expenditures:	836,000	290,740	545,260
Repay developer advances - principal	2,000,000	1,439,507	560,493
Repay developer advances - interest	<u>2,061,000</u>	<u>2,377,773</u>	<u>(316,773)</u>
Total Expenditures	<u>57,202,000</u>	<u>47,584,578</u>	<u>9,617,422</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(32,962,000)</u>	<u>(29,499,017)</u>	<u>3,462,983</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	33,000,000	31,386,858	(1,613,142)
Transfers in (out)	<u>1,000</u>	<u>9,325</u>	<u>8,325</u>
Total Other Financing Sources (Uses)	<u>33,001,000</u>	<u>31,396,183</u>	<u>(1,604,817)</u>
NET CHANGE IN FUND BALANCE	39,000	1,897,166	1,858,166
FUND BALANCE:			
BEGINNING OF YEAR	<u>248,821</u>	<u>5,092,892</u>	<u>4,844,071</u>
END OF YEAR	<u>\$ 287,821</u>	<u>\$ 6,990,058</u>	<u>\$ 6,702,237</u>

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