

**Rangeview Metropolitan District**

Financial Statements

Year Ended December 31, 2016

with

Independent Auditors' Report



**RECEIVED**

*By the Office of the State Auditor at 9:52 am, Sep 27, 2017*

## C O N T E N T S

	<u>Page</u>
<u>Independent Auditors' Report</u>	i
<u>Management's Discussion and Analysis</u>	iii
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Statement of Net Position - Proprietary Fund	1
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	2
Statement of Cash Flows - Proprietary Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Proprietary Fund	21
Reconciliation of Revenues and Expenditures (Budgetary Basis) to Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	22

Board of Directors  
Rangeview Metropolitan District  
Arapahoe County, Colorado

### Independent Auditors' Report

We have audited the accompanying financial statements of the business-type activities of the Rangeview Metropolitan District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Rangeview Metropolitan District as of December 31, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other-Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages iii-vii 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, 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 this 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 limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rangeview Metropolitan District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

*Simmons & Wheeler P.C.*

Englewood, CO  
September 26, 2017

**Rangeview Metropolitan District**  
Management's Discussion and Analysis (Unaudited)  
December 31, 2016

The following is management's discussion and analysis ("MD&A") of the financial activities of Rangeview Metropolitan District (the "District") for the year ended December 31, 2016. This information should be read in conjunction with the basic financial statements which follow.

**FINANCIAL HIGHLIGHTS**

The District's financial position measured by the change in net position, improved by approximately \$480,200 or 9% during 2016 as a result of the following:

- *Operating revenue* was approximately \$240,200.
- *Operating loss before developer contributions* was approximately \$596,400.
- *Developer contributions* were approximately \$1,076,600.
- *Capital asset additions* were approximately \$730,600.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the District's basic financial statements, which are comprised of four components: 1) statement of net position – proprietary fund, 2) statements of revenues, expenses, and changes in net position – proprietary fund, 3) statements of cash flows – proprietary fund, and 4) notes to the financial statements. The District also provides certain supplementary information which is presented for additional analysis and is not a required part of the basic financial statements.

The **statement of net position – proprietary fund** presents information on all of the District's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. "Deferred outflows of resources" is defined as consumption of net position that is applicable to a future reporting period rather than the current reporting period. "Deferred inflows of resources" is defined as an acquisition of net position that is applicable to a future reporting period rather than the current reporting period. 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 **statements of revenues, expenses, and changes in net position – proprietary fund** present information showing how the District's net position changed during the years presented. 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. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unbilled water revenue and earned but unused vacation leave) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the financial outcomes of the District's activities and can be used to determine whether the District has successfully recovered all its economic costs through its water rates, capital contributions, and other charges.

**Rangeview Metropolitan District**  
Management's Discussion and Analysis (Unaudited)  
December 31, 2016

The **statements of cash flows** report cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities for the years presented.

The **notes to the basic financial statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**Supplementary information** provides details on budget to actual change in fund balance and reconciliation of revenues and expenditures on a budgetary basis.

**FINANCIAL ANALYSIS**

*Net Position*

As discussed above, net position may serve over time as a useful indicator of the District's financial position. The District's net position was \$5,979,566 at December 31, 2016, an increase of \$480,201, or 8.7%, from December 31, 2015.

<b>Table 1 - Condensed Statements of Net Position</b>				
	<b>As of December 31,</b>		<b>2016-2015</b>	
	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Current and other assets	\$ 236,871	\$ 326,837	\$ (89,966)	-27.5%
Capital assets, net	6,675,040	6,101,663	573,377	9.4%
<b>Total Assets</b>	<b>6,911,911</b>	<b>6,428,500</b>	<b>483,411</b>	<b>7.5%</b>
Current liabilities	203,983	270,403	(66,420)	-24.6%
Noncurrent liabilities	727,483	657,853	69,630	10.6%
<b>Total liabilities</b>	<b>931,466</b>	<b>928,256</b>	<b>3,210</b>	<b>0.3%</b>
Deferred inflows of resources	879	879	-	0.0%
<b><u>Net position</u></b>				
Net Investment in capital assets	5,947,557	5,443,810	503,747	9.3%
Restricted	19,801	16,757	3,044	18.2%
Unrestricted	12,208	38,798	(26,590)	-68.5%
<b>Total net position</b>	<b>\$ 5,979,566</b>	<b>\$ 5,499,365</b>	<b>\$ 480,201</b>	<b>8.7%</b>

The largest portion of the District's position reflects its investments in capital assets (i.e., water and wastewater systems). The District uses these capital assets to provide water, consequently, these assets are not available for future spending.

**Rangeview Metropolitan District**  
Management's Discussion and Analysis (Unaudited)  
December 31, 2016

A small portion of the District's net position represents amounts restricted for a specific purpose. The restricted fund balance in the Proprietary 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 \$19,801 of the Proprietary Fund balance has been restricted in compliance with this requirement.

The remaining balance of the District's net position represents unrestricted net position and may be used to meet the District's ongoing obligations to creditors.

The District's increase in net position during 2016 of \$480,201 or 8.7% indicates an improved financial position.

Other changes in the statements of net position were as follows:

- ***Current and other assets*** in 2016 decreased \$89,966 or 27.5% from 2015. The decrease in 2016 was primarily due to the District having a lower receivable from the Developer.
- ***Capital assets, net*** in 2016 increased \$573,377, or 9.4% from 2015. The increase was due to investments into WISE and water systems, including investments related to a new pipeline, during 2016. The investment was \$730,613. This increase was partially offset by depreciation of \$157,236.
- ***Current liabilities*** in 2016 decreased \$66,420, or 24.6%, from 2015. The decrease was the result of a decrease in accounts payable owed by the District.
- ***Noncurrent liabilities*** in 2016 increased \$69,630, or 10.6% from 2015. The increase was the result of additional loans and interest accrued on the District's note payable.

**CHANGE IN NET POSITION**

While the statement of net position display the District's assets, liabilities and net position at year-end, the statements or revenues, expenses, and changes in net position provide information on the source of the change in net position during the year. Net position increased by \$480,201 in 2016 consisting of loss before developer contributions of \$596,400.

**Rangeview Metropolitan District**  
Management's Discussion and Analysis (Unaudited)  
December 31, 2016

Operating revenues	\$ 240,229
Nonoperating revenues	1,001
Total revenues	241,230
Operating expenses	817,283
Nonoperating expenses	20,381
Total expenses	837,664
(Loss) before developer contributions	(596,434)
Developer contributions	1,076,635
Increase in net position	480,201
Beginning net position	5,499,365
Ending net position	\$ 5,979,566

- **Operating revenues** in 2016 consisted of \$189,550 in water sales and \$50,679 in wastewater services. During 2016 the District sold approximately 27 million gallons of water.
- **Nonoperating revenues** consisted of property and specific ownership taxes of \$946 and interest of \$55.
- **Operating expenses** consisted principally of \$157,236 in depreciation, \$182,387 in dues and subscriptions, \$9,688 in insurance costs, \$29,728 in legal fees, \$180,100 in water operation costs, \$11,632 in wastewater operation costs, \$6,632 in rent, \$20,722 in State Land District royalties, and \$209,445 in service provider fees.
- **Nonoperating expenses** consisted of \$20,368 in interest expense and \$13 in treasurer fees.
- **Developer contributions** were \$1,076,635. \$730,613 of the developer contributions was used for the addition of a new infrastructure and investments in WISE and water systems.

**CAPITAL ASSET ACTIVITY**

The District's capital assets at December 31, 2016 amounted to \$6,675,040, net of accumulated depreciation. Capital asset additions in 2016 were \$730,613, an increase of 9% in our water system.

**Rangeview Metropolitan District**  
Management's Discussion and Analysis (Unaudited)  
December 31, 2016

**LONG-TERM DEBT ACTIVITY**

The district has a long-term loan with the developer of \$727,483. This balance consists of principal of \$346,146 and interest of \$381,337.

**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's finances. Questions concerning any of the information provide in this report or requests for additional information should be addressed to:

Rangeview Metropolitan District  
141 Union Boulevard, Suite 150  
Lakewood, CO 80228

# RANGEVIEW METROPOLITAN DISTRICT

## STATEMENT OF NET POSITION

### PROPRIETARY FUND

December 31, 2016

#### ASSETS

##### CURRENT ASSETS

Cash and investments	\$	82,565
Accounts receivable - customer		19,428
Property taxes receivable - current		5
Property taxes receivable - advance		879
Accounts receivable - other		34,492
Accounts receivable - developer		99,502
		<hr/>
Total Current Assets		236,871

##### CAPITAL ASSETS

Nondepreciable		3,155,327
Depreciable, net of accumulated depreciation		3,519,713
		<hr/>
Total Capital Assets		6,675,040
		<hr/>
Total Assets		6,911,911

#### LIABILITIES

##### CURRENT LIABILITIES

Accounts payable		203,983
		<hr/>
Total Current Liabilities		203,983

##### LONG-TERM LIABILITIES

Loan payable		346,146
Accrued interest payable		381,337
		<hr/>
Total Long-term Liabilities		727,483
		<hr/>
Total Liabilities		931,466

#### DEFERRED INFLOWS OF RESOURCES

Deferred property taxes		879
		<hr/>
Total Deferred Inflows of Resources		879

#### NET POSITION

Net investment in capital assets		5,947,557
Restricted for:		
Emergencies		19,801
Unrestricted		12,208
		<hr/>
Total Net Position	\$	5,979,566

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

# RANGEVIEW METROPOLITAN DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2016

OPERATING REVENUES	
Water services	\$ 189,550
Wastewater services	<u>50,679</u>
Total Operating Revenues	<u>240,229</u>
OPERATING EXPENSES	
Administration	4,605
Accounting and audit	4,500
Depreciation	157,236
Dues and subscriptions	182,387
Election expense	71
Insurance	9,688
Miscellaneous expense	537
Legal	29,728
Water operations	180,100
Wastewater operations	11,632
Rent	6,632
Royalty payments	20,722
Service contract	<u>209,445</u>
Total Operating Expenses	<u>817,283</u>
INCOME (LOSS) FROM OPERATIONS	<u>(577,054)</u>
NONOPERATING REVENUES (EXPENSES)	
Property taxes	879
Specific ownership taxes	67
Developer contribution	1,076,635
Interest income	55
Interest expense - note	(20,368)
Treasurer's fees	<u>(13)</u>
Total Nonoperating Revenues (Expenses)	<u>1,057,255</u>
NET INCOME (LOSS) - CHANGE IN NET POSITION	480,201
NET POSITION	
BEGINNING OF YEAR - AS RESTATED	<u>5,499,365</u>
END OF YEAR	<u>\$ 5,979,566</u>

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

# RANGEVIEW METROPOLITAN DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2016

### CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 216,114
Payments to suppliers	<u>(726,467)</u>
Net Cash Provided (Required) by Operating Activities	<u>(510,353)</u>

### CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES

Property taxes	878
Specific ownership taxes	67
County treasurer's fees	<u>(13)</u>
Net Cash Provided (Required) by Noncapital Financing Activities	<u>932</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Developer contribution	1,076,635
Developer advances	49,262
Acquisition and construction of capital assets	<u>(730,613)</u>
Net Cash Provided (Required) by Capital and Related Financing Activities	<u>395,284</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Net investment and other income	<u>182,010</u>
Net Cash Provided (Required) by Investing Activities	<u>182,010</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 67,873

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 14,692

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 82,565

### RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES

Net income (loss) from operations \$ (577,054)

### ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES

Depreciation	157,236
Changes in Assets and Liabilities:	
(Increase) / decrease in service fees receivable	(24,115)
Increase / (Decrease) in trade accounts payable	<u>(66,420)</u>
Net Adjustments	<u>66,701</u>

NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES \$ (510,353)

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

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

## **Note 1: Summary of Significant Accounting Policies**

The accounting policies of the Rangeview Metropolitan District (the “District”), located in Arapahoe County, Colorado, (the “County”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units accounted for as a proprietary fund. 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 October 13, 1986 under the name of Lowry Range Metropolitan District and is governed pursuant to the Colorado Special District Act. The name of the District was changed to Rangeview Metropolitan District. The District was established to provide water and waste water services to approximately 40 square miles of state owned land located southeast of the Denver metropolitan area in Arapahoe County, Colorado and other approved users. 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.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

## Basis of Presentation

The accompanying financial statements are presented per GASB No. 34.

The government-wide financial statements (i.e. the statement of net position) report information on all of the nonfiduciary activities of the District. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

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.

Major individual enterprise 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*, as are the proprietary fund financial statements. 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 proprietary fund:

*Enterprise Fund* - The Enterprise Fund accounts for the activities associated with providing water and sewer services to the citizens of the District.

The Enterprise Funds account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

# Rangeview Metropolitan District

## Notes to Financial Statements

December 31, 2016

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. The District's proprietary fund consists of the "Water and Sewer" Fund.

### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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.

### Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. During 2016, the District incurred no noncash activities.

### 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.

# Rangeview Metropolitan District

## Notes to Financial Statements

December 31, 2016

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.

### 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 has no items that qualify for reporting in this category.

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 type of item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Long-Term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable, if any, are reported net of any bond premium or discount where applicable.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

## 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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 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 the 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.

The District, pursuant to the 2014 Amended and Restated Lease Agreement S-37280 (“Lease”) between the District and the Colorado State Board of Land Commissioners (“Land Board”), has the exclusive right provide water to Water Users (as defined in the lease) and to develop and put to beneficial use the water on and beneath the “Lowry Range”, an approximately 25,000 acre property owned by the Land Board located in Arapahoe County. The total water resources includes approximately 15,000 acre feet of non-tributary and not non-tributary groundwater, 3,300 acre feet of surface water, and approximately 25,000 acre feet of active surface water storage rights.

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

Water and sewer systems	50 years
Well rehabilitation	10 years

## Property Taxes

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

# Rangeview Metropolitan District

## Notes to Financial Statements

December 31, 2016

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Property owners within the boundaries of the District have been assessed \$879 for 2016. Since these taxes are not normally available to the District until 2017, they are classified as deferred income until 2017.

### Fund Equity

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.

### 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 Proprietary 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 \$19,801 of the Proprietary Fund balance has been restricted in compliance with this requirement.

### 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.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

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.

## Contributed Capital

The District records contributed sewer lines at the developers' cost as contributed capital. The District has agreements with developers whereby extensions to existing sewer lines are constructed and funded by the developer and then donated to the District.

## **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	\$ 82,565
Total	<u>\$ 82,565</u>

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

Deposits with financial institutions	\$ 74,667
Investments - COLOTRUST	<u>7,898</u>
	<u>\$ 82,565</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 does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

## Investments:

### Credit Risk

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

### 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 (generally held by Bank Trust Departments in their role as paying agent or trustee).

The District has the following recurring fair value measurements as of December 31, 2016:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ 7,898

## **Rangeview Metropolitan District**

Notes to Financial Statements  
December 31, 2016

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

### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days, a Level 2 investment under the fair value hierarchy. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2016, the District had \$7,898 invested in COLOTRUST.

## Rangeview 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>Balance</u> <u>01-01-16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-16</u>
<u>Business Type Activities:</u>				
<u>Capital assets not being depreciated:</u>				
Right of way	\$ 3,383	\$ 56,173	\$ -	\$ 59,556
Construction in progress	<u>2,731,390</u>	<u>364,381</u>	<u>-</u>	<u>3,095,771</u>
Total capital assets not being depreciated:	<u>2,734,773</u>	<u>420,554</u>	<u>-</u>	<u>3,155,327</u>
<u>Capital assets being depreciated:</u>				
Water system	3,214,698	-	-	3,214,698
Sewer system	<u>1,064,274</u>	<u>310,059</u>	<u>-</u>	<u>1,374,333</u>
Total capital assets being depreciated:	4,278,972	310,059	-	4,589,031
Accumulated depreciation:				
Water system	611,091	133,674	-	744,765
Sewer system	<u>300,991</u>	<u>23,562</u>	<u>-</u>	<u>324,553</u>
Total accumulated depreciation	<u>912,082</u>	<u>157,236</u>	<u>-</u>	<u>1,069,318</u>
Net capital assets being depreciated:	<u>3,366,890</u>	<u>152,823</u>	<u>-</u>	<u>3,519,713</u>
Business type assets, net	<u>\$ 6,101,663</u>	<u>\$ 573,377</u>	<u>\$ -</u>	<u>\$ 6,675,040</u>

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

Business-type activities:	
Water and sewer fund	<u>\$ 157,236</u>
Total depreciation expense – business type activities	<u>\$ 157,236</u>

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

**Note 4: Long Term Debt**

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

	Balance - as restated 01-01-16	Additions	Deletions	Balance 12-31-16	Current Portion
Loan Payable - developer advances	\$ 296,884	\$ 49,262	\$ -	\$ 346,146	\$ -
Accrued interest - loan payable	360,969	20,368	-	381,337	-
	<u>\$ 657,853</u>	<u>\$ 69,630</u>	<u>\$ -</u>	<u>\$ 727,483</u>	<u>\$ -</u>

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

In 1995 the District entered into a credit obligation with Pure Cycle Corporation. The loan permitted borrowing up to \$250,000, is unsecured, bears interest based on the prevailing prime rate plus 2% and matures on December 31, 2020. The principal of the loan is \$229,310. \$367,422 in interest has been accrued on the loan through December 31, 2016. There were no payments made on the loan for the year ended December 31, 2016.

In 2014, the District entered into an Obligation and Funding Agreement with Pure Cycle Corporation (the “Developer”). Under the Funding Agreement the Developer agreed to fund the operations and maintenance costs. The District agreed to repay the Developer for advances plus interest at 8% per annum. In 2016, amount owed to the Developer was \$116,836 in principal. As of December 31, 2016, accrued interest totals \$13,915.

**Note 5: Debt Authorization**

As of December 31, 2016, the District had remaining voted debt authorization of approximately \$100,000,000. The District has not budgeted to issue any new debt during 2016. Per the District’s Service Plan, the District cannot issue debt in excess of \$100,000,000.

**Note 6: Related Party**

Three members 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. The District has two independent Board Members. Management believes that all potential conflicts, if any, have been disclosed to the Board and conflict forms are filed with the Secretary of State prior to each Board Meeting.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

**Note 7: Segment Information**

The District's enterprise fund provides “water and sewer services”. Segment information for the year ended December 31, 2016 was as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenue	\$ 189,550	\$ 50,679	\$ 240,229
Depreciation	\$ 133,674	\$ 23,562	\$ 157,236
Net Operating loss	\$ (455,318)	\$ (121,736)	\$ (577,054)
Total fixed assets	\$ 5,625,260	\$ 1,049,780	\$ 6,675,040

**Note 8: Commitments and Contingencies**

Service Agreement

The District, in exchange for principal value of \$24,914,058 of the District’s prior Water Revenue Notes and Bonds, entered into an agreement with Pure Cycle to sell 11,650 acre feet of non-tributary and not non-tributary water, an option to substitute 1,650 acre feet of tributary water for an equal amount of non-tributary and not non-tributary water, conveyance of participatory rights surface storage, and has entered into Service Agreements dated April 11, 1996 and January 22, 1997 and, subsequent to year end, the Amended and Restated Service Agreement, dated July 11, 2014, between the District and Pure Cycle. The Service Agreements provide for Pure Cycle to finance, design, develop, operate and maintain the District’s water and sewer systems and to deliver water to customers within the District’s Service Area and other approved users. Pure Cycle will deed title to all water and sewer system facilities as constructed to the District and receive 100% of the District’s tap fee, 98% water service user fees, and other system development fees and 90% of the sewer fees after deducting royalties to the Land Board in exchange for commitments under the Service Agreements. In 2016, the District paid \$209,445 to Pure Cycle.

Lease Agreement

As described in Note 1, the District is party to the Lease with the Land Board. Pursuant to the Lease, the District has the right to develop for use water beneath approximately 25,000 acres of land. The Lease gives the right to divert and put to beneficial use the water on and under the surface of the land extending through April 2081. In conjunction with the lease agreement, the District has agreed to pay a production royalty to the Land Board based on the revenue arising from the sale or delivery and use of water derived or extracted from land described in the lease. The initial production royalty has been established at 10% to 12% depending on the type of customer (private or public). In 2016, the District paid premium royalties to the State Land Board totaling \$20,722.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

## Agreement for Water and Waste Water Services

On August 19, 1998, the District entered into an agreement with the State of Colorado to finance, acquire, design, construct, operate and maintain certain water and waste water services to an academic model juvenile correctional facility located within the service area of the District. As of December 31, 2000, the construction was completed. As a part of the agreement, the District received a total of \$2,421,964 from the State of Colorado related to this construction project.

## Water Service Agreement - Sky Ranch Development

On October 31, 2003, the District and Pure Cycle entered into an agreement to provide water service to the Sky Ranch development located within Arapahoe County, Colorado. Pursuant to the agreement Pure Cycle will finance, design, develop, operate and maintain water system and to deliver water to customers within the service area and other approved users. The District is responsible for constructing and maintaining certain “special facilities” at the Sky Ranch development which will be funded by the developer and owned by the District.

## Water Purchase Agreement – East Cherry Creek Water and Sanitation District

On May 1, 2012 the District and East Cherry Creek Water and Sanitation District, (“ECCV”) entered into an agreement in which the District will purchase water from ECCV. The District shall pay to ECCV a fixed monthly payment for up to 300 acre feet of water per calendar year. The base water charges are:

<u>Schedule</u>	<u>Base water charges</u>
Date of this agreement through Decemer 31, 2012	\$4,667/month
January 1, 2013 through December 31, 2020	\$8,000/month
January 1, 2021 through April 26, 2032	\$3,000/month

If the District exceeds the 300 acre feet, then the District shall pay \$.54 per 1,000 gallons in addition to the base water charge.

## Rangeview / Pure Cycle WISE Project Financing and Service Agreement

On November 10, 2014, the District entered into this agreement with the Developer. Pursuant to the District’s participation in the WISE Authority (See Note 9), the District has assigned to the Developer all rights and obligations of the District as a member of the WISE Authority. In exchange, the District grants to the Developer exclusive rights to use the District’s WISE assets.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

## Water Service Agreement

On December 15, 2016, the District entered into a water service agreement with Elbert & Highway 86 Commercial Metropolitan District, (aka “Wild Pointe”), to provide water services to the users within Wild Pointe. In January 2017, the District paid Wild Pointe \$1,600,000 for the purchase of its water data system and the automated meter reading system.

## **Note 9: District Cost Sharing Participation Agreements**

### South Metro Water Supply Authority

In 2014, the District signed a participation agreement for funding of the South Metro Water Supply Authority (“SMWSA”) to define water strategies to meet near and long-term water needs of the South Metro Area. In 2016, the District paid \$16,990 to SMWSA.

### South Metro WISE Authority

In 2013, the District entered into the South Metro WISE (Water, Infrastructure and Supply Efficiency) Authority Formation and Organizational Intergovernmental Agreement. This Agreement commits the District to participate in the WISA Partnership through the South Metro WISE Authority. The Agreement also defines how costs will be shared between participating members. The District has committed to subscribing to 500 acre feet (“AF”) out of a total of 7,225 AF (6.92%) of renewable water to be delivered annually from the WISE Partnership. During 2016, the District paid WISE \$51,780 for administrative costs.

In December of 2014, the members of the WISE Partnership entered into the WISE – Water Delivery Agreement between the City and County of Denver, acting by and through its Board of Water Commissioners, the City of Aurora acting by and through its Utility Enterprise and the South Metro WISE Authority. The Water Delivery Agreement is the overarching agreement that defines the terms under which Denver and Aurora will deliver water to South Metro WISE Authority members. The engineering design and construction costs required to transport the water to the members in order for the members to start taking deliveries of the water beginning in July of 2017. The District will be responsible of its share of the capital costs to purchase the water. In addition to water purchases there are also subscription fees, WISE operations and maintenance costs, WISE capital costs, District variable pumping costs, and the District’s share of operating and maintenance costs will which be billed based upon the water delivered. In 2016, the District paid a total of \$113,099 for part of the Western Pipeline and DIA connection infrastructure.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

**Note 10: Legal**

During 2016, the District opposed a number of water rights applications by others, that all have some potential to affect the yield of the District's water rights. None of these cases involves any monetary claims by or against the District, and none is likely to have any material effect on the District's financial condition.

**Note 11: Economic Dependency**

The District's primary source of revenue is received from the Developer in the form of contributions. During the year ended December 31, 2016, Developer contributions and service fees funded the operations and capital expenditures. The District is dependent upon funding by the Developer to pay the District's commitments.

**Note 12: 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.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District's management believes a significant portion of its operations qualifies for this exclusion.

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.

# Rangeview Metropolitan District

Notes to Financial Statements  
December 31, 2016

The Water Activity Enterprise, which was established in 1994, conducts the business of water and wastewater operations, and invests and reinvests the District's reserve funds in accordance with TABOR amendment and Senate Bill 130.

## **Note 13: 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.

**SUPPLEMENTAL INFORMATION**

**RANGEVIEW METROPOLITAN DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) -  
PROPRIETARY FUND

For the Year Ended December 31, 2016

	Original and		Variance
	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
<b>REVENUES</b>			
Water services	\$ 160,000	\$ 189,550	\$ 29,550
Wastewater services	60,000	50,679	(9,321)
Property taxes	879	879	-
Specific ownership taxes	15	67	52
Interest income	7	55	48
Developer advances	380,000	49,262	(330,738)
Transfers	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
<b>Total Revenues</b>	<u>630,901</u>	<u>290,492</u>	<u>(340,409)</u>
<b>EXPENDITURES</b>			
Administration	7,500	4,605	2,895
Audit	5,000	4,500	500
Dues and subscriptions	80,000	182,387	(102,387)
Election expense	500	71	429
Insurance	9,700	9,688	12
Miscellaneous expense	8,000	537	7,463
Legal	28,000	29,728	(1,728)
Water operations	242,400	180,100	62,300
Wastewater operations	13,600	11,632	1,968
Rent	6,700	6,632	68
Royalty payments	19,200	20,722	(1,522)
Service contract	192,000	209,445	(17,445)
Treasurer's fees	20	13	7
Contingency	25,000	-	25,000
Engineering	6,000	-	6,000
Transfers	30,000	-	30,000
Capital outlay	2,400,000	730,613	1,669,387
Emergency reserve	<u>901</u>	<u>-</u>	<u>901</u>
<b>Total Expenditures</b>	<u>3,074,521</u>	<u>1,390,673</u>	<u>1,683,848</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,443,620)</b>	<b>(1,100,181)</b>	<b>1,343,439</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer contributions	<u>2,443,600</u>	<u>1,076,635</u>	<u>(1,366,965)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>2,443,600</u>	<u>1,076,635</u>	<u>(1,366,965)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(20)</b>	<b>(23,546)</b>	<b>(23,526)</b>
<b>FUNDS AVAILABLE:</b>			
BEGINNING OF YEAR	<u>4,693</u>	<u>55,555</u>	<u>50,862</u>
END OF YEAR	<u>\$ 4,673</u>	<u>\$ 32,009</u>	<u>\$ 27,336</u>
<b>Funds available computed as follows:</b>			
Current assets		\$ 236,871	
Deferred property taxes		(879)	
Current liabilities		<u>(203,983)</u>	
		<u>\$ 32,009</u>	

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

**RANGEVIEW METROPOLITAN DISTRICT**

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

For the Year Ended December 31, 2016

Excess of revenues over expenditures	\$ (23,546)
Deduct developer advances which are not revenue	(49,262)
Deduct accrued interest which is an expense	(20,368)
Add capital expenditures which are not an expense	730,613
Deduct depreciation which is an expense	<u>(157,236)</u>
Changes in Net Position per Statement Revenues, Expenses and Changes in Net Position	<u>\$ 480,201</u>

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