

Base Village Metropolitan District No. 2

Annual Financial Report

December 31, 2017



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Office of the State Auditor

September 28, 2018

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Report of Independent Certified Public Accountants

Members of the Board of Directors
Base Village Metropolitan District No. 2

We have audited the accompanying financial statements of the governmental activities and the major funds of Base Village Metropolitan District No. 2 as of and for the year ended December 31, 2017 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Base Village Metropolitan District No. 2, as of December 31, 2017 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters


Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Base Village Metropolitan District No. 2's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents 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 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 to 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.



Littleton, Colorado
September 27, 2018

Base Village Metropolitan District No. 2
Statement of Net Position
December 31, 2017

	Governmental Activities
Assets	
Cash and investments - restricted	\$ 6,661,694
Receivable - County Treasurer	11,062
Due from other governments	30,900
Property tax receivable	1,474,542
Total assets	\$ 8,178,198
Liabilities	
Due from other governments	1,900
Accrued interest - 2016A bonds	191,531
Noncurrent liabilities	
Accrued interest - 2016B bonds	873,670
Due in more than one year	44,650,446
Total liabilities	45,717,547
Deferred Inflows of Resources	
Property tax revenue	1,474,542
Total deferred inflows of resources	1,474,542
Net Position	
Unrestricted	(39,013,891)
Total Net Position	(39,013,891)
Total Liabilities and Net Position	\$ 8,178,198

The accompanying notes are an integral part of these financial statements.

Base Village Metropolitan District No. 2
Statement of Activities
For the Year Ended December 31, 2017

<u>Functions/Program Activities</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
					<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 299,659	\$ -	\$ -	\$ 72,100	\$ (227,559)
Interest and related costs on long-term debt	<u>8,151,161</u>	-	-	-	<u>(8,151,161)</u>
Total governmental activities	<u>8,450,820</u>	-	-	<u>72,100</u>	<u>(8,378,720)</u>
General revenues:					
Taxes					
Property taxes					1,601,032
Specific ownership taxes					58,405
Investment income					<u>21,459</u>
Change in net position					
Net position - beginning of year					
					<u>(32,316,067)</u>
Net position - end of year					
					<u>\$ (39,013,891)</u>

The accompanying notes are an integral part of these financial statements.

Base Village Metropolitan District No. 2
Governmental Funds Balance Sheet
December 31, 2017

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 351	\$6,661,343	\$ 6,661,694
Receivable - County Treasurer	1,549	9,513	11,062
Due from other governments	-	30,900	30,900
Property tax receivable	<u>193,993</u>	<u>1,280,549</u>	<u>1,474,542</u>
Total assets	<u>195,893</u>	<u>7,982,305</u>	<u>8,178,198</u>
Liabilities			
Due to other governments	<u>1,900</u>	-	<u>1,900</u>
Total liabilities	<u>1,900</u>	-	<u>1,900</u>
Deferred Inflows of Resources			
Property tax revenue	<u>193,993</u>	<u>1,280,549</u>	<u>1,474,542</u>
Total deferred inflows of resources	<u>193,993</u>	<u>1,280,549</u>	<u>1,474,542</u>
Fund Balances			
Restricted - debt service	<u>-</u>	<u>6,701,756</u>	<u>6,701,756</u>
Total fund balances	<u>-</u>	<u>6,701,756</u>	<u>6,701,756</u>
Total Liabilities and Fund Balances	<u>\$ 195,893</u>	<u>\$ 7,982,305</u>	<u>\$ 8,178,198</u>

Total governmental fund balance per above \$ 6,701,756

Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is

Bonds payable	(44,590,000)
Unamortized bond premium	(60,446)
Accrued interest on bonds	<u>(1,065,201)</u>

Net position (deficit) of governmental activities \$(39,013,891)

The accompanying notes are an integral part of these financial statements.

Base Village Metropolitan District No. 2
Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	Total
Revenues			
Taxes			
Property taxes	\$ 220,960	\$ 1,380,072	\$ 1,601,032
Specific Ownership Tax	8,095	50,310	58,405
Facility fees	-	72,100	72,100
Interest income	1,539	19,920	21,459
Total Revenues	230,594	1,522,402	1,752,996
Expenses			
General government			
County Treasurer's fees	11,051	69,065	80,116
Intergovernmental	219,543	-	219,543
Debt service			
Bond interest		1,664,855	1,664,855
Release of supplemental funds	-	5,486,932	5,486,932
Paying agent/trustee fees	-	120	120
Total Expenditures	230,594	7,220,972	7,451,566
Changes in Fund Balance	-	(5,698,570)	(5,698,570)
Fund balances:			
Beginning of the year	-	12,400,326	12,400,326
End of the year	\$ -	\$ 6,701,756	\$ 6,701,756

The accompanying notes are an integral part of these financial statements.

Base Village Metropolitan District No. 2
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balances—total governmental funds \$(5,698,570)

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

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of bond premium	87
Accrued interest on long - term obligations - change in liability	<u>(999,341)</u>

Change in net position of governmental activities \$(6,697,824)

The accompanying notes are an integral part of these financial statements.

Base Village Metropolitan District No. 2
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2017

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes			
Property taxes	\$ 220,259	\$ 220,960	\$ 701
Specific ownership taxes	6,610	8,095	1,485
Facility fees	-	-	-
Interest income	<u>100</u>	<u>1,539</u>	<u>1,439</u>
Total Revenues	<u>226,969</u>	<u>230,594</u>	<u>3,625</u>
Expenditures			
General government			
County Treasurer's fees	11,013	11,051	(38)
Intergovernmental	<u>215,956</u>	<u>219,543</u>	<u>(3,587)</u>
Total Expenditures	<u>226,969</u>	<u>230,594</u>	<u>(3,625)</u>
Changes in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Base Village Metropolitan District No. 2

Notes to Financial Statements

December 31, 2017

1. Definition of Reporting Entity

Base Village Metropolitan District No. 2 (the District) was organized by Court Order in December 2004, to provide financing for the design, acquisition, installation and construction of streets, drainage, traffic and safety controls, park and recreation, transportation, and mosquito and pest control. The District's service area is located entirely within the Town of Snowmass Village (the Town), in Pitkin County, Colorado. Under the Consolidated Service Plan (Amended and Restated Consolidated Service Plan approved October 17, 2006), the District is the Financing District and is related to Base Village Metropolitan District No. 1 (Base Village No. 1), which serves as the Service District. The Service District is responsible for management of the construction of all facilities and improvements and for operation and maintenance of all improvements not conveyed to the Town. The Service District, together with the Financing District, provides the funding for infrastructure improvements and the tax base needed to support ongoing operations.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

2. Summary of Significant Accounting Policies

This summary of the Base Village Metropolitan District No. 2's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

2. Summary of Significant Accounting Policies (continued)

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

Deposits and Investments

Colorado law authorizes the District to invest in obligations of the United States, State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions, and local government investment pools. House Bill 1056 expanded the list of investments that are legal for local governments.

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Facility Fees

A fee of \$5,150 will be collected upon the initial sale of each residential living unit and used to pay debt service payments on the bonds. The district collected fees for 7 residential units during 2017.

Budget

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 appropriation is at the total fund expenditures and other financing use level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Actual 2017 expenditures in the General Fund exceeded budgeted appropriations which may be a violation of state statutes.

Pooled Cash and Investments

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

Investments are carried at fair value or amortized cost.

Property Taxes

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

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

Administrative Expenditures

Base Village No. 1 records all operational and administrative expenditures for the Districts.

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Deferred Inflow of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provision, or enabling legislation.

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

2. Summary of Significant Accounting Policies (continued)

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

- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s policy to use the most restrictive classification first.

3. Cash and Investments

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – Restricted	<u>\$ 6,661,694</u>
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Cash and Investments as of December 31, 2017 consist of the following:

Money Market	\$ 6,661,375
CSAFE	<u>319</u>
Total	<u>\$ 6,661,694</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 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.

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

3. Cash and Investments (continued)

Investments

The District follows state statutes regarding investments, and as such, has not adopted a formal policy.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

Fair Value Measurement and Application

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

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

3. Cash and Investments (continued)

funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. The District records these investments at amortized cost.

Federated Treasury Money Market Fund

The debt service money that is included in the trust accounts at United Missouri Bank is invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's. The investments are valued and recorded by the District using Level 1 inputs.

4. Long-Term Obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2017:

	Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
Governmental Activities:					
General obligations payable:					
2016A Bonds	\$ 31,260,000	\$ -	\$ -	\$ 31,260,000	\$ -
2016B Bonds	13,330,000	-	-	13,330,000	-
Bond premium	60,533	-	87	60,446	-
	<u>\$ 44,650,533</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ 44,650,620</u>	<u>\$ -</u>

Base Village Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2017

4. Long-Term Obligations (continued)

The details of the District's long-term obligations are as follows:

General Obligation Bonds

\$20,300,000 Senior Tax-Free Loan Refunding & Improvement, Series 2013A, dated December 2, 2013. The loan matures on December 2, 2020, with mandatory redemption principal payments starting at \$600,000 on December 1, 2014, and interest payments due on June 1 and December 1 at a fixed interest rate of 3.05% per annum. The loan may be prepaid without premium or penalty starting on and after September 2, 2016. A balloon payment of \$16,430,000 is due on the maturity date. In the event that the refinancing is not successful prior to that time, the loan balance will begin to bear interest at an adjusted rate 11.05%.

The loan is secured and payable from the following sources, net of any collection costs:

1) property tax revenues from the "Required Mill Levy", and 2) specific ownership tax revenue related to the "Required Mill Levy". The term "Required Mill Levy" includes both a debt service mill levy and an operations mill levy component. The Required Mill Levy is 37.5 mills for debt service and 6.0 mills for operations. The Required Mill Levy is subject to adjustment for changes in the ratio of actual value to assessed value of property within the District. The Consolidated Service Plan establishes certain limitations on the maximum mill levy that the District may impose for debt service, and the terms of the Bonds are subject to these limitations.

\$23,760,000 Subordinate Limited Tax Revenue Refunding Bond, Series 2013B, dated November 13, 2013. The bond matures on December 15, 2043, and has an interest rate of 6.50% that will be imposed on the unpaid principal amount. The bond is secured and payable from the following sources, net of any collection costs: 1) property tax revenues from the "Required Mill Levy", 2) specific ownership tax revenue related to the "Required Mill Levy", 3) capital fees, and 4) any other legally available money.

Pledged Revenues from the Required Mill Levy are available to pay for commitments under the Bond Resolution only after subtracting the Required Mill Levy revenues due under the Loan Agreement. To the extent of available Pledged Revenues, interest and principal payments are due annually on or before December 15, beginning on or after the Custodial Eligibility Date, defined as the first date on which the Debt to Assessed Ratio is equal to or less than 50%, until the bond is paid in full. However, any amount remaining unpaid on the bond maturity date shall be deemed fully discharged without further action by the District or the Owner.

\$1,278,000 Guarantor Bonds, Series 2011, dated December 23, 2011. On December 2, 2013, \$31,272,000 of Guarantor bonds were refunded with the Series 2013A loan and Series 2013B Bonds, leaving a remaining balance of \$1,278,000. The Guarantor bonds were held by Snowmass Acquisition Company LLC (SAC, see Note 6) as of December 31, 2013. Under the Fourth Supplemental Indenture of Trust, the underlying indenture is suspended, provided that the Guarantor bonds shall continue to bear interest at a rate of 10% and may be refunded at any date by the District. However, the District has no obligation to impose a mill levy for the purpose of repayment. Any amount remaining unpaid at maturity date of December 1, 2038, shall be deemed fully discharged without further action by the District.

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

4. Long-Term Obligations (continued)

On December 22, 2016 the District refunded its outstanding 2013A Loan and a portion of its 2013B Bonds with the issuance of its 2016A General Obligation Limited Tax Refunding Bonds and its 2016B General Obligation Limited Tax Subordinate Bonds. As a result of the refunding, a combined \$12,358,938 in 2013B Bonds, 2011 Guarantor Bonds, and accrued

interest was forgiven by the bondholders and deemed canceled and paid in full. As a result of the refunding, the average interest rate of the new debt is 5.91% compared to 6.24% (using an interest rate of 3.05% for four years and 5.5% for 22 years on the 2013A Loan). Additionally, as part of the overall re-structuring, the District is no longer obligated to provide the funding to Base Village No. 1 for the purpose of paying the obligation under the Infrastructure Acquisition and Reimbursement Agreement (See Note 7). The estimated present value savings range from 3% to 10% given that the 2016B Bonds are cash flow obligations and the timing of repayment is dependent on actual results of development.

Series 2016A Senior and Series 2016B Subordinate General Obligation Limited Tax Refunding Bonds

The District issued its Series 2016A Bonds and Series 2016B Bonds on December 22, 2016, in the amounts of \$31,260,000 and \$13,330,000, respectively. The proceeds from the sale of the 2016A Bonds and a prior reserve fund were used to: (i) refund, on a current refunding basis: (a) all of the District's 2013A Loan; (b) a portion of the 2013B Bonds and together with the 2013A Loan, the "Refunded Bonds"); (ii) fund the Reserve Fund; (iii) fund the Surplus Fund; and (iv) pay the costs of issuing the Bonds.

The 2016A Bonds bear interest at rates ranging from 5.50% to 5.75% payable semi-annually on June 1 and December 1, beginning on June 1, 2017. Annual mandatory sinking fund principal payments on the 2016A Bonds are due on December 1, beginning on December 1, 2020. The 2016A Bonds mature on December 1, 2046.

The 2016A Bonds are also subject to redemption prior to maturity, at the option of the District, on any date on or after December 1, 2021, as follows:

Redemption Date	Redemption Premium
December 1, 2021 to and including November 30, 2022	3.0%
December 1, 2022 to and including November 30, 2023	2.0%
December 1, 2023 to and including November 30, 2024	1.0%
December 1, 2024 and thereafter	0.0%

The 2016B Bonds bear interest at the rate of 6.5% per annum and payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. The 2016B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the 2016B Bonds compounds annually on each December 15. In the

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

4. Long-Term Obligations (continued)

event any amounts due and owing on the 2016B Subordinate Bonds remain outstanding on December 15, 2048, such amounts shall be extinguished and no longer be due and outstanding.

The combined yield on the 2016A and 2016B bonds is 5.9115%.

The 2016B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or integral multiples of \$1,000, on December 15, 2021, and on any date thereafter, upon payment of par and accrued interest, at the following price:

Redemption Date	Redemption Premium
December 1, 2021 to and including November 30, 2022	3.0%
December 1, 2022 to and including November 30, 2023	2.0%
December 1, 2023 to and including November 30, 2024	1.0%
December 1, 2024 and thereafter	0.0%

The 2016A Bonds are secured by and payable solely from and to the extent of Pledged Revenue which is defined generally in the 2016A Indenture as:

- (a) the Required Mill Levy;
- (b) the Specific Ownership Tax Revenue;
- (c) the Capital Facility Fee Revenue;
- (d) the Capital Levy Revenue (from which Shortfalls shall be paid – see Capital Pledge Agreement);
- (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue;

If Pledged Revenue is insufficient to pay the debt service requirement on the 2016A Bonds in any year, a different flow of funds and associated funding requirements will apply as determined by the Levels defined in the 2016A Indenture.

The Required Mill Levy of the District under the 2016A Indenture is limited to a maximum of 37.5 mills, as adjusted, during certain periods, and to a maximum of 43.5 mills, as adjusted, during certain other periods. The Capital Levy of District No. 1 under the Capital Pledge Agreement is also limited to a maximum of 43.5 mills, as adjusted. Such mill levies are subject to adjustment per the Gallagher Amendment from October 23, 2006.

The 2016A Bonds are further secured by the Reserve Fund, which was funded in the amount of \$654,168 and by the Surplus Fund, which was funded in the Maximum Surplus Amount of \$2,000,000. At such time as the Senior Debt to Assessed Ratio is equal to or less than 50%, the Maximum Surplus Amount is reduced to \$1,000,000. During certain periods described in the 2016A Indenture, amounts on deposit in the Surplus Fund in excess of \$1,000,000, if any, are to be applied to the Annual Debt Service Requirements. All remaining amounts in the Surplus Fund

Base Village Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2017

4. Long-Term Obligations (continued)

may also be used to pay Annual Debt Service Requirements during certain other periods described in the 2016A Indenture. Additionally, at closing, the Supplemental fund was established in the amount of 9,686,535. Proceeds will be released to the prior 2013B bondholder as certain building permits are issued. In the event permits are not issued, the Supplemental fund serves as additional security on the 2016A Bonds.

The 2016B Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue, which includes monies derived from the following, net of costs of collection:

- (a) the Subordinate Required Mill Levy;
- (b) the portion of the Specific Ownership Tax Revenue which is collected as a result of imposition of the Subordinate Required Mill Levy;
- (c) the Subordinate Capital Facility Fee Revenue;
- (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue;

The Subordinate Indenture defines the Subordinate Required Mill Levy as a mill levy imposed equal to 37.5 mills, as adjusted, less the Senior Bond Mill Levy.

Series 2016A Loan principal and interest will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 1,767,988	\$ 1,767,988
2019	-	1,767,988	1,767,988
2020	85,000	1,767,988	1,852,988
2021	285,000	1,763,313	2,048,313
2022	385,000	1,747,637	2,132,637
2023-2027	2,555,000	8,377,388	10,932,388
2028-2032	3,980,000	7,527,638	11,507,638
2033-2037	5,825,000	6,241,461	12,066,461
2038-2042	8,380,000	4,321,123	12,701,123
2043-2046	9,765,000	1,505,639	11,270,639
	<u>\$ 31,260,000</u>	<u>\$ 36,788,163</u>	<u>\$ 68,048,163</u>

Base Village Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2017

4. Long-Term Obligations (continued)

Capital Pledge Agreement between the District and Base Village No. 1 (2016)

The District entered into a Capital Pledge Agreement with District No. 1 on December 22, 2016 by which District No. 1 has pledged the Capital Levy Revenue to the District for payment of the Bonds (subject to the limitations as outlined in the Agreement). District No. 1 will impose a capital levy each year in the number of mills necessary to produce the Capital Levy Revenue in an amount at least equal to the amount required to cover the annual Shortfall (defined below) through a pledge of the Capital Levy Revenue to the District. The Capital Levy shall not exceed 43.5 mills, as adjusted. The Capital Levy Revenue includes the property tax revenue derived from the imposition of the Capital Levy plus specific ownership tax revenue allocable to such Capital Levy, less costs of collection.

The pledge of the Capital Levy Revenue secures the obligation of District No. 1 to make Shortfall payments in accordance with the Capital Pledge Agreement. The annual Shortfall is determined when the sum of the District Required Mill Levy, the proportionate share of Specific Ownership Taxes, the Capital Facility Fees received, and the moneys in the Surplus Fund in excess of \$1,000,000, are less than the Senior Debt Service Requirements for the same Bond Year. Such insufficiency shall constitute a "Shortfall" and a Shortfall shall be deemed to occur with respect to such Bond Year. No Shortfall payment is anticipated from District No. 1 in 2017.

Authorized Debt

On November 1, 2005, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$107,500,000. At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 6, 2007 Elections	Authorization Used Series 2008 A&B	Authorization Used Series 2008D	Authorization Used Series 2013 A&B	Authorization Used Series 2016A&B	Remaining at December 31, 2017
Streets	\$ 41,300,000	\$ 21,248,750	\$ -	\$ -	\$ -	\$ 20,051,250
Public transportation	39,300,000	21,965,000	2,200,000	-	-	17,335,000
Fire protection	2,000,000	1,193,750	-	-	-	806,250
Traffic and safety	1,800,000	-	-	-	-	1,800,000
Parks and recreations	23,000,000	3,342,500	-	-	-	19,657,500
Mosquito control	100,000	-	-	-	-	100,000
	<u>\$ 107,500,000</u>	<u>\$ 47,750,000</u>	<u>\$ 2,200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,750,000</u>

Pursuant to the Amended and Restated Consolidated Service Plan, the Districts are permitted to issue bond indebtedness of up to \$48,700,000 in par amount, excluding underwriter discount, credit enhancement costs, other costs of issuance, and payments made by guarantors under any pledge agreement or for direct bond payments. As of December 31, 2012, the District has issued

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

4. Long-Term Obligations (continued)

\$47,750,000 (inclusive of \$4,179,943 of cost excludable as described above) of General Obligation Bonds and \$2,200,000 in the form of a Developer Subordinate Note.

During 2013, the District refunded its Series 2008A bonds, repaid its Developer Subordinate Note, and reduced its Guarantor Bond obligation through the issuance of the 2013A Loan and 2013B bond. No additional authorization was used as the District issued less debt than was previously issued with the 2008 obligations and Subordinate Note.

During 2016, the District refunded its outstanding 2013A Loans and a portion of its 2013B Bonds with the issuance of its 2016A General Obligation Limited Tax Refunding Bonds and its 2016B General Obligation Limited Tax Subordinate Bonds. The 2011 Guarantor Bonds and the remaining portion of the 2013B Bonds, including remaining accrued interest, were forgiven by the bondholders and are deemed canceled and paid in full. No additional authorization was used by the District.

Subsequent to year end the residential assessment rate was changed from 7.96% to 7.20%. Based upon the May 2017 preliminary assessed valuations, the service plan limitation of 43.500 mills could be increased to 48.091 mills. The final adjusted mill levy will be based upon final assessed value for collection in Budget Year 2018.

5. Net Position

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, which are being held by Base Village No. 1 or conveyed to other governmental entities.

6. Related Party Transactions

On September 22, 2016, Snowmass Acquisition Company, LLC (the "Prior Developer") entered into a purchase and sale contract with East West Partners, Inc., a Colorado corporation ("East West") for the sale of the Prior Developer's interest. East West formed of a joint venture to acquire the Prior Developer's interest, the members of which are an affiliate of Aspen Skiing Company and an affiliate of KSL Capital Partners, LLC ("KSL"). The joint venture is Snowmass Ventures, LLC (the "Developer"). East West assigned its interest in the Purchase Agreement to the Developer on December 7, 2016. The Developer also acquired Snowmass Hospitality, LLC ("SH") which provides property management services and created a new entity SV Snowmass Hospitality, LLC to provide hospitality services in the future.

During 2017, four of the five Board of Director positions were occupied by Prior Developer representatives. One Board member was affiliated with Aspen Skiing Company. Such Board members may have potential conflicts of interest with respect to actions taken in their capacity as

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

6. Related Party Transactions (continued)

Board members. Disclosure of any potential conflicts of interest is made in accordance with Colorado law, in advance of each Board meeting.

7. District Agreements

Intergovernmental Agreement with Base Village No. 1

In connection with the issuance of the Series 2008A and Series 2008B bonds, the District and Base Village No. 1 entered into the "Amended and Restated" District Public Improvements Joint Financing Construction and Service Agreement dated June 25, 2008 (the "Joint Financing Agreement"). The Joint Financing Agreement made certain changes to an earlier agreement to accommodate the issuance of the Series 2008A and Series 2008B bonds, as well as additional debt, including the 2013A Loan and the 2013B Bonds. The District terminated this Agreement on November 28, 2016 and now operates under the Operations Agreement.

Operations Agreement

The District and Base Village No. 1 entered into an operations, Maintenance and Administrative Services Agreement dated as of November 28, 2016 and effective December 22, 2016 (the "Operations Agreement"). The Operations Agreement replaces the Joint Financing Agreement.

The Operations Agreement establishes certain rights and obligations of the Districts with respect to the provision of operations, maintenance and administrative services of the Districts. The Operations Agreement obligates Base Village No. 1 to continue to serve as the administrative agent for the District with respect to statutory annual requirements that are required of the District, and also to operate and maintain public infrastructure owned by the Base Village No. 1 and/or as to which the District has operations and maintenance responsibilities pursuant to easements or other property interests. The Operations Agreement obligates the District to levy six mills as adjusted until such time as Base Village No. 1's mill levy (in the amount of 43.5 mills less the Capital Levy under the Capital Pledge Agreement) is sufficient to meet a single year's operations, maintenance and administrative expenses, at which point, the District will no longer be obligated to fund any such expenses.

Base Village Intergovernmental Agreement

On September 30, 2006, the District and Snowmass Village General Improvement District No. 1 (the GID) entered into the "Base Village Intergovernmental Agreement" (the "Base Village IGA") in order to establish the total aggregate mill levies that are to be imposed by the Districts and the GID. Pursuant to the Base Village IGA, the mill levies will not exceed 49.500 mills annually, as adjusted, which may result in a total mill levy of 54.725 depending on the mill levy imposed by each entity during to the 2018 budget process. The District was allowed to levy 29.500 mills in 2006, 2007, and 2008 for operations and maintenance and then no more than 6.000 mills for operation and maintenance in any year thereafter. Commencing in 2009, the District was to levy

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

7. District Agreements (continued)

37.500 mills until certain subordinate debt expected to be issued by the Developer and the Town was repaid. Only the Developer Subordinate Note was issued, however, and was subsequently repaid in connection with the issuance of the 2013A Bonds. Pursuant to the Base Village IGA, the District is permitted to levy up to 37.500 mills for debt service. The GID was permitted to levy 20.000 mills in 2006, 2007, and 2008 for operations and maintenance expenses and then not more than 10.000 mills thereafter.

Infrastructure Acquisition and Reimbursement Agreement

Base Village No. 1 entered into an Infrastructure Acquisition and Reimbursement Agreement (IARA) dated October 19, 2007, with the District and the new Developer, Base Village Owner LLC. On September 28, 2012, the obligations were assigned to SAC (see Note 6). The District is party to the IARA for purposes of providing funding for payment of obligations to the Developer. Per the IARA, the Developer was to construct certain Public Infrastructure improvements and was to be reimbursed by the District for those improvements that were determined to be "District Eligible Costs". District Eligible Costs was defined to mean any and all costs that may be lawfully funded by the Districts under the Special District Act and the Districts' Service Plan. Base Village No. 1 was to accept District Eligible Costs after cost and engineer certifications were issued. With respect to District Eligible Costs for which the Districts become obligated to reimburse the Developer but remained unpaid, interest was to accrue at 8% per annum from the date of acceptance. The District was relieved of providing funding for this obligation, which is recorded on Base Village No. 1's records, as a result of the 2016 debt re-structuring.

8. Risk Management

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Base Village Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2017

9. Tax, Spending and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District transfers its net operating revenue to Base Village No. 1 pursuant to the Operations Agreement. Therefore, the Emergency Reserves related to the District's revenues are captured in Base Village No. 1.

On November 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve, all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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.

Base Village Metropolitan District No. 2

Supplementary Information

Base Village Metropolitan District No. 2
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2017

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property taxes	\$ 1,376,619	\$ 1,380,072	\$ 3,453
Specific ownership taxes	41,300	50,310	9,010
Facility fees	175,100	72,100	(103,000)
Interest income	15,000	19,920	4,920
Total Revenues	1,608,019	1,522,402	(85,617)
Expenditures			
General Government			
County Treasurer's fees	68,831	69,065	(234)
Debt Service			
Bond interest	1,664,855	1,664,855	-
Contingency	3,314	-	3,314
Release of supplemental funds	-	5,486,932	(5,486,932)
Paying agent/trustee fees	8,000	120	7,880
Total Expenditures	1,745,000	7,220,972	(5,475,738)
Excess Revenue Over (Under)			
Expenditures	(136,981)	(5,698,570)	5,390,121
Other financing sources (uses):			
Transfers in	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change	(136,981)	(5,698,570)	5,390,121
Fund Balance—Beginning of year	12,384,866	12,400,326	15,460
Fund Balance—End of Year	\$ 12,247,885	\$ 6,701,756	\$ (5,546,129)

The accompanying notes are an integral part of these financial statements.

Base Village Metropolitan District No. 2
Schedule of Debt Service Requirements to Maturity
December 31, 2017

\$31,260,000

General Obligation Limited Tax Refunding Bonds, Series 2016A

Dated December 22, 2016

Principal Payable December 1

Interest at 5.50% - 5.75%

Payable June 1 and December 1

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ -	\$ 1,767,988	\$ 1,767,988
2019	-	1,767,988	1,767,988
2020	85,000	1,767,988	1,852,988
2021	285,000	1,763,313	2,048,313
2022	385,000	1,747,637	2,132,637
2023	410,000	1,726,463	2,136,463
2024	475,000	1,703,912	2,178,912
2025	500,000	1,677,788	2,177,788
2026	570,000	1,650,287	2,220,287
2027	600,000	1,618,938	2,218,938
2028	680,000	1,585,937	2,265,937
2029	715,000	1,548,538	2,263,538
2030	800,000	1,509,213	2,309,213
2031	845,000	1,465,212	2,310,212
2032	940,000	1,418,738	2,358,738
2033	990,000	1,367,037	2,357,037
2034	1,090,000	1,312,587	2,402,587
2035	1,150,000	1,252,637	2,402,637
2036	1,265,000	1,189,388	2,454,388
2037	1,330,000	1,119,812	2,449,812
2038	1,455,000	1,043,338	2,498,338
2039	1,540,000	959,674	2,499,674
2040	1,680,000	871,125	2,551,125
2041	1,775,000	774,524	2,549,524
2042	1,930,000	672,462	2,602,462
2043	2,040,000	561,488	2,601,488
2044	2,210,000	444,188	2,654,188
2045	2,335,000	317,113	2,652,113
2046	3,180,000	182,850	3,362,850
	<u>\$ 31,260,000</u>	<u>\$ 36,788,163</u>	<u>\$ 68,048,163</u>

The accompanying notes are an integral part of these financial statements.

Base Village Metropolitan District No. 2
Schedule of Assessed Valuation
Mill Levy and Property Taxes Collected
December 31, 2017

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Tax Levy</u>	<u>Mills Levied</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>Operations</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2013	\$ 32,201,150	6.000	37.500	\$ 1,400,750	\$ 1,394,022	99.52%
2014	\$ 35,695,930	6.000	37.500	\$ 1,552,773	\$ 1,552,355	99.97%
2015	\$ 37,167,320	6.000	37.500	\$ 1,616,779	\$ 1,616,778	100.00%
2016	\$ 36,994,950	6.000	37.500	\$ 1,609,281	\$ 1,604,809	99.72%
2017	\$ 36,709,810	6.000	37.500	\$ 1,596,878	\$ 1,601,032	100.26%
Estimated for the year ending December 31, 2018	\$ 32,332,190	6.000	39.606	\$ 1,474,542		

The accompanying notes are an integral part of these financial statements.