

**REUNION METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS
December 31, 2017**

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June 28, 2018

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

To the Board of Directors
Reunion Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of Reunion Metropolitan District 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.

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 Reunion Metropolitan District, as of December 31, 2017 and the respective changes in financial position and the respective budgetary comparison for the General Fund, Special Revenue Fund – Rec Center and Special Revenue Fund - HOA for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, as listed in the table of contents, 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Reunion Metropolitan District'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
May 22, 2018

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

The management of Reunion Metropolitan District (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017.

The Management Discussion and Analysis (MD&A) focuses on the presentation of the financial statements and the related activities in two distinct ways: 1) the review of government-wide financials that reflect the overall assets and activity of the government including the District's capital assets and long term debt obligations, and 2) the more traditional view of the governmental funds that have been established to account for specific activities of the District.

This MD&A will provide a quick look at the highlights of each of these presentations, a more definitive view of what comprises each of these presentations, and a more detailed analysis of each of the presentations, key components and the changes that occurred during 2017.

Financial Highlights

Government-wide financial statement highlights include:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$8,695,991 (net position).
- Of the net position:
 - \$7,447,423 is the net investment in the District's capital assets, related to the acquisition of the assets.
 - The District has restricted a portion of the remaining net position as follows: \$23,106 is restricted for capital projects as the result of unexpended resources, \$246,701 is restricted for HOA related activity, and \$288,272 for recreation center operations.
 - After considering the above restrictions, the District has unrestricted net position in the amount of \$690,489. This amount can be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total long-term liabilities, primarily related to infrastructure construction advances from the developer, decreased by \$7,249,008:
 - The District repaid the Developer \$22,400,00 of which \$5,800,000 was a cash payment and \$16,600,000 was repaid with the issuance of Bonds.
 - The District recorded a reimbursement obligation to the Developer in the amount of \$5,275,937 for improvements constructed by the Developer for the benefit of the District.
 - The District paid \$245,469 of interest on the developer advances during the current fiscal year. The interest rate is based on LIBOR plus 3%.
 - The District recognized developer advance obligations from North Range No. 2 in the amount of \$10,236,429.
 - The Developer forgave \$606,843 of outstanding obligations.
 - The District's obligation for compensated absences decreased from \$14,998 to \$11,635 as of December 31, 2016 and 2017, respectively.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

- The government's total net position decreased from 2016 to 2017 by \$7,124,202, under the full accrual method:
 - Program revenues increased from the prior year by \$964,293 during 2017 which is primarily due to the forgiveness of developer advance obligations. Depreciation expense was \$457,072 and interest and related costs on long-term obligations were \$827,086. Dedication of assets to other entities was \$6,390,500. Depreciation expense related to noncash activities; therefore, refer to the Fund financial statement highlights below for analysis more closely related to cash inflows and outflows.

Fund financial statement highlights include:

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,260,203.
- The assigned and unassigned amounts of \$882,594 and \$287,784, respectively, are available for spending at the District's discretion. They are comprised of:
 - During 2017, the General Fund received \$1,384,204 in revenues, offset with \$1,419,436 in expenditures; thereby, the net decrease in fund balance for the year was \$35,232, resulting in an ending fund balance of \$92,802.
 - The Special Revenue Fund - Rec Center received \$787,574 in revenues during 2017, and expended \$726,184. This resulted in a net fund balance increase of \$61,390, with a remaining fund balance available for future use of \$288,272.
 - The Special Revenue Fund - HOA received \$275,183 in revenues during the current year, and incurred \$194,457 of expenditures; resulting in a net fund balance increase of \$80,726. The ending fund balance available is \$246,701.
 - The Debt Service Fund has an ending fund balance of \$1,007, which is restricted for future debt service payments.
 - The Capital Projects Fund has an ending fund balance of \$631,421, of which \$23,106 is assigned to future capital projects.

Overview of the Financial Statements

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

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

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

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

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

Both of the government-wide financial statements identify functions of the District that are principally to be supported by taxes and intergovernmental revenues (i.e. governmental activities).

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – general, two special revenue, and capital projects – all of which are considered to be major funds.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided for the general and special revenue funds in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements and reconciliation to the government-wide financial statements can be found on pages 3–8 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 9–24 of this report.

Supplementary information. The supplementary information provided in this report after the basic financial statements includes a schedule of revenues, expenditures, and changes in fund balances, budget and actual comparison, for the debt service fund and capital projects fund. These schedules can be found on page 26 of this report.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

Governmental Activities Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$8,695,991 at the close of the most recent fiscal year.

NET POSITION

	Governmental Activities		Increase
	2017	2016	(Decrease)
Assets			
Current and other assets	\$ 1,954,093	\$ 1,216,850	\$ 737,243
Capital assets	23,323,840	22,130,356	1,193,484
Total assets	<u>25,277,933</u>	<u>23,347,206</u>	<u>1,930,727</u>
Liabilities			
Current and other liabilities	628,178	170,835	457,343
Long term liabilities	15,861,635	7,264,006	8,597,629
Total liabilities	<u>16,489,813</u>	<u>7,434,841</u>	<u>9,054,972</u>
Deferred Inflows of Resources			
Deferred revenue	92,129	92,172	(43)
Total deferred inflows of resources	<u>92,129</u>	<u>92,172</u>	<u>(43)</u>
Net Position			
Net investment in capital assets	7,447,423	14,881,348	(7,433,925)
Restricted	558,079	825,809	(267,730)
Unrestricted	(363,844)	113,036	(476,880)
Total net position	<u>\$ 7,641,658</u>	<u>\$ 15,820,193</u>	<u>\$ (8,178,535)</u>

The most significant portion of the District's net position (86%) represents the District's investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) net of the outstanding debt used to acquire those assets. The District acquired these capital assets in order to provide services to citizens. Consequently, these assets are not available for future spending.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

The District has an unrestricted net position in the amount of \$690,489. This amount can be used by the District to meet its ongoing obligations to citizens and creditors.

CHANGE IN NET POSITION

	Governmental Activities		Increase
	2017	2016	(Decrease)
Revenues			
Program revenues:			
Charges for services	\$ 984,530	\$ 910,792	\$ 73,738
Operating grants and contributions	2,029,589	1,662,020	367,569
Capital grants and contributions	11,369,478	10,859,645	509,833
General revenues:			
Investment income	25,040	2,472	22,568
Other	20,471	49,489	(29,018)
Total revenues	<u>14,429,108</u>	<u>13,484,418</u>	<u>944,690</u>
Expenses			
General government	377,647	314,093	63,554
Parks and recreation	2,279,810	2,143,248	136,562
HOA management	194,457	304,592	(110,135)
Dedication of assets to other entities	6,390,500	17,614,255	(11,223,755)
Intergovernment - Public works	2,301,714	512,768	1,788,946
Recognition of developer advances	10,236,429		
Interest and related costs			
on long-term debt	827,086	151,669	675,417
Total expenses	<u>22,607,643</u>	<u>21,040,625</u>	<u>(8,669,411)</u>
Change in net position	(8,178,535)	(7,556,207)	(622,328)
Net position - Beginning	15,820,193	23,376,400	(7,556,207)
Net position - Ending	<u>\$ 7,641,658</u>	<u>\$ 15,820,193</u>	<u>\$ (8,178,535)</u>

The District's net position decreased by \$7,124,202 during the current fiscal year. Intergovernmental revenues, which primarily consist of property taxes transferred from North Range Metropolitan District No. 1 and No. 2, are accounted for as operating grants and contributions. Charges for services include fees collected for Recreation Center and HOA related activities. Capital grants and contributions include system development fees and a 33% share of sales and use taxes and permit fees from the city of Commerce City.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

Governmental Funds Financial Analysis

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,260,203, all of which constitutes an assigned, unassigned, restricted or non-spendable fund balance, which is available for spending at the government's discretion within the parameters established for each fund.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, an unassigned fund balance of \$27,090 and non-spendable fund balance of \$65,712 was held in the General Fund.

The Special Revenue - Rec Center Fund is used for expenditures related to the Reunion Recreation Center. At the end of the current fiscal year, an assigned fund balance of \$288,272 was held in the fund.

The Special Revenue - HOA Fund is used for expenditures related to the contractual management of the Reunion Homeowners Association. At the end of the current fiscal year, an assigned fund balance of \$246,701 was held in the fund.

The Debt Service Fund is used for future debt service payments. At the end of the year, a restricted fund balance of \$1,007 was held in the fund.

The Capital Projects Fund is used for future construction of infrastructure and other capital-related activities. At year-end total fund balance is \$631,421, of which \$23,106 is restricted and \$608,315 is assigned for capital-related expenditures.

General Fund Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sales of assets and debt repayments, as well as capital outlay, in addition to operations and nonoperating revenue and contributions. Depreciation is not reflected on the budget since it does not affect funds available. This budgetary accounting is required by State statutes.

Capital Assets and Debt Administration

Capital assets. The District had \$7,447,423 invested in net capital assets for its governmental activities for the year ended December 31, 2017. This investment in capital assets, which is net of accumulated depreciation, includes land improvement for parks and arterial landscape, roadway improvements, and storm drainage facilities.

**REUNION METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017**

There was capital activity during 2017, with \$5,914,114 in total capital outlay. Additional information on the District's capital assets can be found within Note 4 of this report.

Debt administration. During the current fiscal year, the District issued Series 2017 Subordinate Bond (Non-rated, Cash-Flow, Fill-up bonds) in the original par amount of \$16,600,000 with the final par being \$21,600,000. The bonds bear interest at 4% and are payable beginning December 15, 2017 based on available cash flow from excess revenues generated from the North Range 1 and 2 developments. After the December 15, 2017 payment, no payments will be made on the bonds until \$5,000,000 in excess revenues have been generated to fund certain capital improvements.

Additional information on the District's long-term obligations can be found within Note 5 of this report.

Next Year's Budget and Rates

The District has appropriated \$1,824,523 in the General Fund for spending in the 2018 fiscal year. It is intended that fund balance plus transfers from the North Range Metropolitan District Nos. 1 – 5 will be sufficient to cover these expenditures.

Request for Information

Management's discussion and analysis is designed to provide a general overview of the District's finances. Questions concerning any of the information provided within this report or requests for additional information should be addressed to:

District Accountant of Reunion Metropolitan District
8390 East Crescent Parkway, Suite 500
Greenwood Village, CO 80111

BASIC FINANCIAL STATEMENTS

**REUNION METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017**

	Governmental Activities
ASSETS	
Cash and investments	\$ 832,842
Investments - restricted	512,219
Accounts receivable	399,561
Due from other governments	143,759
Prepaid and other assets	65,712
Capital assets, not being depreciated	12,264,227
Capital assets, net	11,059,613
Total assets	25,277,933
LIABILITIES	
Accounts payable	175,704
Accrued wages	15,312
Customer deposits	18,399
Due to other governments	392,346
Accrued interest payable	26,417
Noncurrent liabilities	
Due in more than one year	15,861,635
Total liabilities	16,489,813
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	92,129
Total deferred inflows of resources	92,129
NET POSITION	
Net investment in capital assets	7,447,423
Restricted for:	
Capital projects	23,106
HOA Fund	246,701
Recreation Center	288,272
Unrestricted	(363,844)
Total net position	\$ 7,641,658

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

**REUNION METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 377,647	\$ -	\$ 458,412	\$ -	\$ 80,765
Parks	1,248,588	-	910,824	-	(337,764)
Recreation	1,031,222	777,153	-	-	(254,069)
HOA	194,457	207,377	53,510	-	66,430
Intergovernmental - NRMD 1 and NRMD 2 transfers	2,301,714	-	-	9,242,536	6,940,822
Interest and related costs on long-term obligations	827,086	-	606,843	-	(220,243)
Recognition of NRMD 2 developer advances	10,236,429	-	-	-	(10,236,429)
Transfer of improvements from NRMD 2	-	-	-	2,126,942	2,126,942
Dedication of assets to other entities	6,390,500	-	-	-	(6,390,500)
	<u>\$ 22,607,643</u>	<u>\$ 984,530</u>	<u>\$ 2,029,589</u>	<u>\$ 11,369,478</u>	<u>\$ (8,224,046)</u>
General revenues:					
Investment income					25,040
Other income					20,471
Total general revenues					<u>45,511</u>
Change in net position					<u>(8,178,535)</u>
Net position - Beginning					15,820,193
Net position - Ending					<u>\$ 7,641,658</u>

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

**REUNION METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>General</u>	<u>Special Revenue Rec Center</u>	<u>Special Revenue HOA</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ -	\$ 308,961	\$ 263,187	\$ -	\$ 260,694	\$ 832,842
Investments - Restricted	-	-	-	1,007	511,212	512,219
Accounts receivable	46,884	24,078	34,846	-	293,753	399,561
Prepaid and other assets	65,712	-	-	-	-	65,712
Due from other governments	52,871	-	-	-	90,888	143,759
Due from other funds	-	50,460	-	-	-	50,460
TOTAL ASSETS	<u>\$ 165,467</u>	<u>\$ 383,499</u>	<u>\$ 298,033</u>	<u>\$ 1,007</u>	<u>\$ 1,156,547</u>	<u>\$ 2,004,553</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Payables						
Accounts	\$ 16,292	\$ 16,040	\$ 10,592	\$ -	\$ 132,780	\$ 175,704
Wages	5,913	9,399	-	-	-	15,312
Deposits	-	-	18,399	-	-	18,399
Due to other governments	-	-	-	-	392,346	392,346
Due to other funds	50,460	-	-	-	-	50,460
Total liabilities	<u>72,665</u>	<u>25,439</u>	<u>28,991</u>	<u>-</u>	<u>525,126</u>	<u>652,221</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	69,788	22,341	-	-	92,129
Total deferred inflows of resources	<u>-</u>	<u>69,788</u>	<u>22,341</u>	<u>-</u>	<u>-</u>	<u>92,129</u>
FUND BALANCES						
Nonspendable	65,712	-	-	-	-	65,712
Restricted	-	-	-	1,007	23,106	24,113
Assigned	-	288,272	246,701	-	347,621	882,594
Unassigned	27,090	-	-	-	260,694	287,784
Total fund balances	<u>92,802</u>	<u>288,272</u>	<u>246,701</u>	<u>1,007</u>	<u>631,421</u>	<u>1,260,203</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 165,467</u>	<u>\$ 383,499</u>	<u>\$ 298,033</u>	<u>\$ 1,007</u>	<u>\$ 1,156,547</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,323,840
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(15,850,000)
Accrued interest on Bonds payable	(26,417)
Compensated absences	(11,635)
Net position of governmental activities	<u>\$ 8,695,991</u>

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

REUNION METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	General	Special Revenue Rec Center	Special Revenue HOA	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Intergovernmental - taxes	\$ 1,366,236	\$ -	\$ -	\$ -	\$ -	\$ 1,366,236
Recreation fees, net	-	625,675	-	-	-	625,675
Program fees	-	149,553	-	-	-	149,553
Event Fees	-	1,925	-	-	-	1,925
Assessment	-	-	192,645	-	-	192,645
Violations and penalties, net	-	-	18,228	-	-	18,228
AR processing fee	-	-	14,732	-	-	14,732
HOA other fees	-	-	2,249	-	-	2,249
Legal fees reimbursement	-	-	33,033	-	-	33,033
System development fees, net	-	-	-	-	1,142,356	1,142,356
Impact fees - Commerce City	-	-	-	-	304,897	304,897
Sales/Use tax/Permit fees - Commerce City	-	-	-	-	800,611	800,611
Intergovernmental - MLEPA	-	-	-	-	1,194,672	1,194,672
Alleyway costs reimbursement	3,000	-	-	-	-	3,000
Investment income	2,929	1,989	14,296	510	5,316	25,040
Miscellaneous income	12,039	8,432	-	-	-	20,471
Total revenues	<u>1,384,204</u>	<u>787,574</u>	<u>275,183</u>	<u>510</u>	<u>3,447,852</u>	<u>5,895,323</u>
EXPENDITURES						
General government	282,425	-	-	-	-	282,425
Park operations	1,096,554	-	-	-	-	1,096,554
Rec Center operations	-	441,478	-	-	-	441,478
Pool operations	-	142,317	-	-	-	142,317
Programs	-	134,071	-	-	-	134,071
Concession building	-	8,318	-	-	-	8,318
HOA operations	-	-	194,457	-	-	194,457
Intergovernmental	40,457	-	-	-	1,247,381	1,287,838
Legal	-	-	-	-	35,958	35,958
Accounting	-	-	-	-	16,920	16,920
Facilities and Equipment	-	-	-	-	12,201	12,201
Infrastructure	-	-	-	-	5,361,268	5,361,268
Engineering	-	-	-	-	272,851	272,851
Engineering - Tower Road	-	-	-	-	45,799	45,799
Landscape Improvements	-	-	-	-	227,245	227,245
Bond principal	-	-	-	750,000	-	750,000
Bond interest	-	-	-	304,333	-	304,333
Cost of issuance	-	-	-	-	250,867	250,867
Total expenditures	<u>1,419,436</u>	<u>726,184</u>	<u>194,457</u>	<u>1,054,333</u>	<u>7,470,490</u>	<u>10,864,900</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,232)</u>	<u>61,390</u>	<u>80,726</u>	<u>(1,053,823)</u>	<u>(4,022,638)</u>	<u>(4,969,577)</u>
OTHER FINANCING SOURCES (USES)						
Developer advance	-	-	-	-	5,275,937	5,275,937
Developer advance repayment	-	-	-	-	(22,400,000)	(22,400,000)
Bond issuance	-	-	-	-	16,600,000	16,600,000
Transfer from NRMD 2	-	-	-	-	5,800,000	5,800,000
Transfer to other fund	-	-	-	(1,054,333)	(1,054,830)	(2,109,163)
Transfer from other fund	-	-	-	1,054,830	-	1,054,830
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>	<u>4,221,107</u>	<u>4,221,604</u>
NET CHANGE IN FUND BALANCES	<u>(35,232)</u>	<u>61,390</u>	<u>80,726</u>	<u>(1,053,326)</u>	<u>198,469</u>	<u>(747,973)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>128,034</u>	<u>226,882</u>	<u>165,975</u>	<u>-</u>	<u>432,952</u>	<u>953,843</u>
FUND BALANCES - END OF YEAR	<u>\$ 92,802</u>	<u>\$ 288,272</u>	<u>\$ 246,701</u>	<u>\$ (1,053,326)</u>	<u>\$ 631,421</u>	<u>\$ 205,870</u>

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

**REUNION METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds \$ (747,973)

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, net of depreciation, in the current period.

Capital outlay	5,914,114
Depreciation	(457,072)
Transfer of improvements from NRMD 2	2,126,942
Dedication of assets to other entities	(6,390,500)

The issuance of long-term debt (e.g., Developer advances, Bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Developer advance	(5,275,937)
Developer advance repayment	22,400,000
Recognition of NRMD 2 developer advances	(10,236,429)
Forgiveness of developer advance debt	606,843
Bond issuance	(16,600,000)
Bond principal payment	750,000

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

Accrued interest on developer advances - change in liability	(245,469)
Accrued interest on bonds payable - change in liability	(26,417)
Change in compensated absences	<u>3,363</u>

Changes in net position of governmental activities \$ (8,178,535)

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

**REUNION METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental - taxes	\$ 1,346,615	\$ 1,392,175	\$ 1,366,236	\$ (25,939)
Investment income	1,500	1,500	2,929	1,429
Alleyway costs reimbursement	3,000	3,000	3,000	-
Miscellaneous income	5,000	30,000	12,039	(17,961)
Total revenues	<u>1,356,115</u>	<u>1,426,675</u>	<u>1,384,204</u>	<u>(42,471)</u>
EXPENDITURES				
General government	210,364	290,000	282,425	7,575
District Property Maintenance	1,151,192	1,210,000	1,096,554	113,446
Intergovernmental	37,424	50,000	40,457	9,543
Total expenditures	<u>1,398,980</u>	<u>1,550,000</u>	<u>1,419,436</u>	<u>130,564</u>
NET CHANGE IN FUND BALANCES	(42,865)	(123,325)	(35,232)	88,093
FUND BALANCES - BEGINNING OF YEAR	<u>163,720</u>	<u>128,034</u>	<u>128,034</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 120,855</u>	<u>\$ 4,709</u>	<u>\$ 92,802</u>	<u>\$ 88,093</u>

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

**REUNION METROPOLITAN DISTRICT
SPECIAL REVENUE FUND - REC CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Recreation fees	\$ 580,000	\$ 601,768	\$ 21,768
Recreation fees - other	24,000	23,907	(93)
Program fees	180,000	149,553	(30,447)
Event Fees	-	1,925	1,925
Investment income	100	1,989	1,889
Miscellaneous income	5,000	8,432	3,432
Total revenues	<u>789,100</u>	<u>787,574</u>	<u>(1,526)</u>
EXPENDITURES			
Rec Center operations	446,483	441,478	5,005
Pool operations	141,475	142,317	(842)
Programs	167,951	134,071	33,880
Playground/Park pavilion	5,000	-	5,000
Concession building	9,300	8,318	982
Total expenditures	<u>770,209</u>	<u>726,184</u>	<u>44,025</u>
NET CHANGE IN FUND BALANCES	<u>18,891</u>	<u>61,390</u>	<u>42,499</u>
FUND BALANCES - BEGINNING OF YEAR	<u>161,130</u>	<u>226,882</u>	<u>65,752</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 180,021</u></u>	<u><u>\$ 288,272</u></u>	<u><u>\$ 108,251</u></u>

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

**REUNION METROPOLITAN DISTRICT
SPECIAL REVENUE FUND - HOA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Assessment	\$ 187,200	\$ 187,200	\$ 192,645	\$ 5,445
Violations and penalties	-	-	18,228	18,228
AR processing fee	25,000	25,000	14,732	(10,268)
HOA other fees	-	-	2,249	2,249
Legal fees reimbursement	10,000	10,000	33,033	23,033
Investment income	100	100	14,296	14,196
Total revenues	<u>222,300</u>	<u>222,300</u>	<u>275,183</u>	<u>52,883</u>
EXPENDITURES				
HOA operations	<u>234,399</u>	<u>250,000</u>	<u>194,457</u>	<u>55,543</u>
Total expenditures	<u>234,399</u>	<u>250,000</u>	<u>194,457</u>	<u>55,543</u>
NET CHANGE IN FUND BALANCES	(12,099)	(27,700)	80,726	108,426
FUND BALANCES - BEGINNING OF YEAR	<u>146,253</u>	<u>165,975</u>	<u>165,975</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 134,154</u>	<u>\$ 138,275</u>	<u>\$ 246,701</u>	<u>\$ 108,426</u>

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

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1 - DEFINITION OF REPORTING ENTITY

Reunion Metropolitan District (Reunion or District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Court Order and Decree of the District Court on December 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located within the City of Commerce City, Adams County, Colorado. The District was organized in conjunction with North Range Metropolitan District Nos. 1, 2, 3, 4 and 5 (collectively, NRMDs). Reunion and the NRMDs have entered into intergovernmental agreements whereby Reunion provides the construction for street improvements, storm drainage improvements, safety protection facilities, water and wastewater improvements, sanitation, park and recreation, transportation, and mosquito control. The service plan anticipates that Reunion will be responsible for managing the construction, operation and maintenance of such improvements and facilities and that the NRMDs will provide the necessary funding to Reunion.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

The Special Revenue Funds are used to collect and disperse money designated for specific purposes due to legal or contractual agreements. The Special Revenue Funds are used to account for Recreation Center (Rec Center) revenues and the District's Homeowners Association (HOA) revenues.

The Debt Service Fund is used to account for the resources accumulated and payments made for principal, interest and other costs related to the Series 2017 Bonds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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.

The District has amended its annual budget for the year ended December 31, 2017.

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 funds' average equity balance in the total cash.

Property Taxes

Property taxes are levied by the District 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 deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment, tap fees and water rights, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Upon completion of construction, arterial street construction improvements, traffic signals, and certain storm drainage improvements are dedicated to the city of Commerce City and South Adams County Water and Sanitation District and are shown as a reduction to capital assets. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Park infrastructure and buildings	30 years
Office buildings and recreation centers	40 years
Furniture, machinery and equipment	3-10 years

Compensated Absences

The District has a policy that allows employees to accumulate paid time off up to certain maximum hours or amounts. Compensated absences are accrued when incurred in the government-wide, financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's General Fund is used to liquidate compensated absences of the governmental activities.

Development Fees

Pursuant to the System Development Fee Resolution, the District has authorized and imposed a system development fee for residential, commercial and industrial property owners. The fee, which is periodically reset, is designed to recover a portion of the estimated costs of the construction of arterial roadways, arterial landscaping, storm drainage facilities, and the park system. The fees are recorded as revenue when received.

Pursuant to the intergovernmental agreement with Commerce City, the District has authorized and imposed a City Credit Fee for residential, commercial and industrial property owners equal to the road impact fee established by Commerce City. To the extent that the District expends funds for road projects that would otherwise be built by the city from proceeds of the road impact fee, the District is entitled to collect and retain the City Credit Fee.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

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

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 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	\$ 832,842
Cash and Investments – restricted	<u>512,219</u>
Total cash and investments	<u>\$ 1,345,061</u>

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 313,121
Investments	<u>1,031,940</u>
Total cash and investments	<u>\$ 1,345,061</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2017, the District’s cash deposits had a bank balance of \$365,774 and a carrying balance of \$313,121.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk 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
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 1,031,940</u>

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle 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 Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017, follows:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>Balance at December 31, 2017</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 10,558,733	\$ -	\$ -	\$ 10,558,733
Public infrastructure to be dedicated	-	6,390,500	6,390,500	-
Tap fees and Water rights	1,010,139	-	-	1,010,139
Construction in process	291,374	403,981	-	695,355
Total capital assets, not being depreciated	<u>11,860,246</u>	<u>6,794,481</u>	<u>6,390,500</u>	<u>12,264,227</u>
Capital assets, being depreciated:				
Buildings	5,620,127	-	-	5,620,127
Underdrain	-	97,347	-	97,347
Park system improvements other than buildings	8,594,167	1,142,277	-	9,736,444
Machinery and equipment	326,439	6,951	-	333,390
Total capital assets, being depreciated	<u>14,540,733</u>	<u>1,246,575</u>	<u>-</u>	<u>15,787,308</u>
Less accumulated depreciation for:				
Buildings	(1,752,279)	(146,130)	-	(1,898,409)
Park system improvements other than buildings	(2,261,038)	(292,153)	-	(2,553,191)
Machinery and equipment	(257,306)	(18,789)	-	(276,095)
Total accumulated depreciation	<u>(4,270,623)</u>	<u>(457,072)</u>	<u>-</u>	<u>(4,727,695)</u>
Total capital assets, being depreciated, net	<u>10,270,110</u>	<u>789,503</u>	<u>-</u>	<u>11,059,613</u>
Governmental activities capital assets, net	<u>\$ 22,130,356</u>	<u>\$ 7,583,984</u>	<u>\$ 6,390,500</u>	<u>\$ 23,323,840</u>

Public infrastructure to be dedicated includes those projects that are to be dedicated to Commerce City or South Adams Water and Sanitation District upon completion of construction and the appropriate acceptance.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Parks	\$ 305,038
Recreation	<u>152,034</u>
Total depreciation expense - Governmental activities	<u>\$ 457,072</u>

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations at December 31, 2017, were as follows:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable Series 2017	\$ -	\$ 16,600,000	\$ 750,000	\$ 15,850,000	\$ -
Accrued interest on Bonds Payable	-	26,417	-	26,417	-
Developer advance payable					
2016 Amended and Restated					
Facilities Acquisition Agreement	7,249,008	5,275,937	12,524,945	-	-
Developer advance interest	-	245,469	245,469	-	-
Assignment of NRMD 2 debt advances (includes forgiveness of \$606,843)	-	10,236,429	10,236,429	-	-
Compensated absences	14,998	-	3,363	11,635	-
	<u>\$ 7,264,006</u>	<u>\$ 32,384,252</u>	<u>\$ 23,760,206</u>	<u>\$ 15,888,052</u>	<u>\$ -</u>

Series 2017 Subordinate Bonds

On June 30, 2017, the District issued Subordinate Revenue Bonds in the original par amount of \$16,600,000 with the final par amount being \$21,600,000. The Bonds bear Interest at 4.00%. Interest is payable annually on December 15, beginning on December 15, 2017, through and including the maturity date of December 15, 2047. Interest is calculated on the basis of a 360-day year of twelve 30-day months. Interest is payable to the extent of pledged revenue available on each December 15. After the December 15, 2017 payment, no payments will be made on the Bonds until \$5,000,000 in excess revenues have been generated to fund capital improvements. The Bonds are secured by and payable solely from Pledged Revenue, consisting of monies derived by the District from the following sources: (i) Surplus Debt Mill levy Revenues as defined by the MLEPA, (ii) System Development Fee Revenues not otherwise pledged to the NRMD Districts, (iii) City Credit Fee Revenues, (iv) Use Tax revenues, and (v) Surplus Sales Tax Revenues. At this time, the schedule of repayments on the Series 2017 Bonds is unknown and will be made when cash flow is available. With the issuance of these Bonds, the District assumed and paid the developer advance liability of NRMD 2 under the Amended and Restated Advance and Reimbursement Agreement between Shea Homes and NRMD 2, dated July 3, 2007. The total amount outstanding as of June 30, 2017 was \$10,236,429. \$9,629,586 was paid and \$606,843 was forgiven. Additionally, the District repaid amounts due and owing under the 2016 Amended and Restated Facilities Acquisition Agreement.

Authorized Debt

On November 7, 2000, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$1,036,000,000 at an interest rate not to exceed 18% per annum. Per the Service Plan, the District is permitted to issue bond indebtedness of up to \$280,000,000. The District has \$258,400,000 of authorization remaining.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

Amended and Restated Facilities Acquisition Agreement

On August 2, 2016, the District and the Developer entered into an Amended and Restated Facilities Acquisition Agreement (the "Facilities Acquisition Agreement"), pursuant to which the Developer has agreed to either advance funds to the District to finance construction of Public Improvements to serve the North Range Districts or to construct such Public Improvements. The District has agreed to reimburse the Developer for such advances or construction and, where applicable, to acquire the Public Improvements constructed by the Developer subject to and in accordance with the terms of the Facilities Acquisition Agreement.

The Facilities Acquisition Agreement provides that the District will reimburse the Developer for all costs eligible for reimbursement by the District which are advanced by the Developer or incurred by the Developer in connection with the public Improvements, together with simple interest accrued at a rate equal to the Municipal Market Data (MMD) BAA 30-year index, plus 5%, not to exceed a maximum interest rate of 8% simple interest, as determined at the time at which such repayment obligation is incurred.

The District is required to fund such reimbursement amounts either from the proceeds of bonds issued by one or more of the Districts or from other revenues of the District not otherwise required for reasonable operating costs of the District. The Facilities Acquisition Agreement provides that any mill levy certified by the District and/or the North Range Districts for the purposes of repaying costs thereunder may not exceed the Equalization Mill Levy, as defined in MLEPA, less amounts needed to service existing debt of the District and/or the North Range Districts. The Facilities Acquisition Agreement states that such mill levy limitation applies only to the extent that the District and/or the North Range Districts certify a mill levy to directly repay repayment obligations thereunder, and does not apply as a limit on any mill levy that may be pledged to any loans, bonds or reimbursement debt obligations unless specifically set forth in documents authorizing such instruments. All amounts owed by the District pursuant to the Facilities Acquisition Agreement are subject to annual appropriation by the District, unless the District determines to issue a reimbursement debt obligation with respect to any repayment obligation. On April 12, 2017, the District accepted improvements in the amount of \$7,249,008 with an effective date of December 31, 2016. On June 22, 2017, the District recognized improvements in the amount of \$5,275,937. As of December 31, 2017, no amounts are due and owing to the Developer as all amounts were paid prior to year-end.

Funding and Reimbursement Agreement

On December 19, 2017, the District and Clayton Properties Group II, Inc. (the New Developer) entered into a Funding and Reimbursement Agreement, pursuant to which the New Developer has agreed to advance funds to the District to finance construction of Public Improvements to serve the North Range Districts. The District has agreed to reimburse the New Developer for such advances and, where applicable, to acquire the Public Improvements constructed by the New Developer subject to and in accordance with the terms of the Funding and Reimbursement Agreement.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The New Developer has agreed to advance the District an amount up to \$3,000,000 through December 31, 2022 (the Loan Obligation Termination Date). The Loan Obligation Termination Date shall automatically extend for one additional year thereafter unless the New Developer provides written notice of termination to the District.

The District will reimburse the New Developer for all costs advanced by the New Developer with simple interest accrued at 6.5% annually. The District intends to repay any advances made under this Agreement from ad valorem taxes, fees, or other legally available revenues of the District, net of any debt services or current operations and maintenance costs of the District. The ad valorem taxes available to the District for the purpose of repaying advances shall not exceed the mill levy allowed pursuant to the Mill Levy Equalization and Pledge Agreement. As of December 31, 2017, no amounts have been recognized under this agreement.

NOTE 6 - NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the District had the following net investment in capital assets, calculated as follows:

Capital assets, net	\$ 23,323,840
Noncurrent portion of outstanding long-term obligations	<u>(15,876,417)</u>
Net investment in capital assets	<u>\$ 7,447,423</u>

The restricted component of net position include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2017, as follows:

	<u>Governmental Activities</u>
Restricted net position:	
Capital projects	\$ 23,106
HOA Fund	246,701
Recreation Center	<u>288,272</u>
Total restricted net position	<u>\$ 558,079</u>

The unrestricted component of net position as of December 31, 2017, totaled \$690,489.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 - RELATED PARTY

The Developer of the property which constitutes the District is Shea Homes Limited Partnership. During 2017, Shea Homes sold the majority of the property to Clayton Properties Group II, Inc. (the New Developer). The members of the Board of Directors are employees, owners, or otherwise associated with the Developer or New Developer, and may have conflicts of interest in dealing with the District.

NOTE 8 - AGREEMENTS

Amended Mill Levy Equalization and Pledge Agreement

On June 3, 2016, the District entered into a Mill Levy Equalization and Pledge Agreement (MLEPA) with NRMD Districts 1-4 (collectively, the "MLEPA Districts" and individually, an "MLEPA District") and was amended on May 1, 2017 in order to promote the integrated plan of development set forth in the Service Plans for the MLEPA Districts. The MLEPA is intended to ensure an equitable allocation among the MLEPA Districts of the costs of administering, acquiring, installing, constructing, designing, financing, operating, and maintaining streets, water, sanitation and various other public improvements (collectively, the "Public Improvements") and services, as well as covenant enforcement services within the District.

Pursuant to the MLEPA, each applicable NRMD agrees to impose an Equalization Mill Levy consisting of the Debt Service Mill Levy plus the Operations and Maintenance Mill Levy in order to pay the Developer Debt, the Senior Bonds, the Reunion debt, and the operations and maintenance costs of the Districts. The MLEPA generally defines the term "Developer Debt" as (i) amounts owed to the Developer by any applicable NRMD for advancing of guaranty payments on the Senior Bonds, for the provision of Public Improvements or for advancing of amounts to fund operations shortfalls and (ii) any other repayment obligation incurred by the MLEPA Districts in connection with advances made by the Developer to the MLEPA Districts for the purpose of paying the costs of designing, acquiring, installing, and constructing the Public Improvements or paying the operations and maintenance costs of the MLEPA Districts. The MLEPA defines the term "Senior Bonds" as all bonds issued by the applicable NRMD (now or in the future) which bonds shall be senior to any obligations of the applicable NRMD under the MLEPA as to the Developer Debt. The MLEPA defines the term "Reunion Bonds" as the Revenue Bonds, Series 2017 in an aggregate principal amount not to exceed \$21,600,000. So long as the 2017 Reunion Bonds remain outstanding, NRMD 1 and NRMD 2 shall each impose a Debt Service Mill Levy in the amount of 50 mills, subject to adjustment. As of the date of the amended MLEPA, no bonds, notes, Developer Debt, or any other debt obligation may be incurred by the NRMD Districts. During 2017, the District received \$2,560,908 in payments under this agreement.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 8 – AGREEMENTS (CONTINUED)

District Operating Services Agreement

On June 3, 2016 the District entered into the District Operating Services Agreement with all Districts that are a party to the MLEPA as previously described. While the MLEPA sets forth the terms on which the District imposes the Equalization Mill Levy and transfers of specified proceeds thereof to the District, the District Operating Services Agreement sets forth the obligations of the District with respect to such proceeds and with respect to its role as the

“Service District”, as contemplated by the MLEPA Districts’ Service Plan. The District Operating Services Agreement states that, pursuant to the MLEPA Districts’ Service Plan, the MLEPA Districts are intended to coordinate their efforts with respect to all activities authorized by the MLEPA Districts’ Service Plan, including, without limitation, management and administration, structuring of financing, construction, and operations and maintenance of the Regional Public Improvements necessary and appropriate for the development of the Districts (defined as the “Public Improvements” for purposes of the District Operating Services Agreement), with the District acting on behalf of the applicable North Range Districts to lead such coordination.

In order to facilitate such coordination, the District Operating Services Agreement requires that the District provide Administrative Services and O&M Services to the applicable North Range Districts on the condition that the applicable North Range Districts observe and perform certain covenants and agreements, and are not otherwise in default under the District Operating Services Agreement. “Administrative Services” as defined by the District Operating Services Agreement, includes, among other services, coordination of board meetings and financial reporting, insurance and election administration, budget preparation, supervision of contractors, investment oversight, coordination of professional services, and obtaining any and all governmental and/or administrative approvals necessary to the provision of the Public Improvements. “O&M Services” as defined by the District Operating Services Agreement includes the provision of the administrative services, and ownership, operation and maintenance of certain Public Improvements along with the Covenant Services. The District Operating Service Agreement also states that the District may provide architectural review and covenant enforcement services to property within the MLEPA Districts for the benefit of the MLEPA Districts through an agreement with an owners association, or as set forth in a declaration of covenants, conditions or restrictions, or similar instrument, as otherwise permitted by Title 32, C.R.S.

The District Operating Services Agreement further authorizes the District to establish from time to time a fair and equitable fee to provide a source of funding to pay for the O&M Services. Each applicable North Range District acknowledges in the District Operating Services Agreement that the District will make determinations as to the appropriate User Fees on an annual basis, taking into account mill levy revenues received under the MLEPA in each fiscal year. They further acknowledge that they shall be responsible for any and all costs, fees, charges and expenses incurred by the District in providing the Administrative Services and O&M Services through the imposition of the Operations and Maintenance Mill Levy, as well as the Debt Service Mill Levy to the extent the District borrows revenues to pay the Operating Services. In the event revenues

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 8 – AGREEMENTS (CONTINUED)

from the Operations and Maintenance Mill Levy received by the District under the MLEPA are not appropriated by the applicable North Range Districts or are otherwise insufficient to pay the Costs for whatever reason, the Reunion District may impose User Fees to pay all such Costs in accordance with the District Operating Services Agreement. The District agrees to apply revenues from the Operations and Maintenance Mill Levy received by it under the MLEPA to pay the Costs of the Operating Services in accordance with the MLEPA and the District Operating Services Agreement.

Development Fees

The District and the City of Commerce City have agreed to impose and collect certain system development fees on all property within the development and to use the revenue collected from those fees to fund public infrastructure within the development. A portion of the system development fees collected by the District from property within North Range Metropolitan District No. 2, up to a maximum of \$7,725,000, is pledged to pay the bonds of North Range Metropolitan District No. 2.

The District has entered into an agreement with the City of Commerce City whereby to the extent the District builds certain public infrastructure to benefit the District development, the District is entitled to receive the following from the Commerce City: a) proceeds from the Road Impact Fee assessed upon new development by Commerce City within the boundaries of the District and NRMD's; b) 33% of the revenue received with respect to building permits issued for property within the boundaries of the District and NRMD's; and c) an amount equal to 33% of any sales and use tax revenue collected by the City on property within the District and the NRMD's. The agreement commenced on January 1, 2002, and is binding for a term of 20 years.

The total revenues and transfers from the above are as follows:

	2017	Cumulative
System development fees (SDF)	\$ 1,142,356	\$ 9,833,029
Commerce City road impact fees	177,150	3,211,099
Commerce City building permits	102,252	1,036,114
Commerce City sales/use tax revenue	531,061	3,953,962
Gross revenue	\$ 1,952,819	\$ 18,034,204
Reunion SDF transferred to NRMD 1	\$ -	\$ 5,499,973
Reunion SDF transferred to NRMD 2	1,247,381	1,994,698
Net development fees collected	\$ 1,247,381	\$ 7,494,671

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 9 - DEFERRED COMPENSATION PLAN

The District currently offers to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, the United States Council of Mayors Public Employees Deferred Compensation Program, administered by Nationwide Retirement Solutions. Participation in the plan is optional for all employees. However, the District will match employee contributions for regular full-time employees up to 3% of eligible compensation. The plan allows employees to defer a portion of their salary until future years. All amounts deferred are held in trust for the exclusive benefit of participating employees.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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.

On November 7, 2000, 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.

**REUNION METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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 operating revenues in the General Fund are property taxes transferred from the NRMD Districts pursuant to an intergovernmental agreement. Therefore, the emergency reserve related to the revenues are reported in the respective NRMD District.

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.

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

SUPPLEMENTARY INFORMATION

**REUNION METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Investment income	-	510	510	-
Total revenues	<u>-</u>	<u>510</u>	<u>510</u>	<u>-</u>
EXPENDITURES				
Bond principal	-	750,000	750,000	-
Bond interest	-	304,333	304,333	-
Total expenditures	<u>-</u>	<u>1,054,333</u>	<u>1,054,333</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1,053,823)</u>	<u>(1,053,823)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund	-	1,054,333	1,054,830	497
Total other financing sources (uses)	<u>-</u>	<u>1,054,333</u>	<u>1,054,830</u>	<u>497</u>
NET CHANGE IN FUND BALANCES	-	510	1,007	497
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 510</u>	<u>\$ 1,007</u>	<u>\$ 497</u>

**REUNION METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
System development fees	\$ 918,750	\$ 1,124,856	\$ 1,142,356	\$ 17,500
Impact fees - Commerce City	271,200	300,173	304,897	4,724
Sales/Use tax/Permit fees - Commerce City	539,760	704,082	800,611	96,529
Intergovernmental - MLEPA	1,148,038	1,194,321	1,194,672	351
Investment income	-	-	5,316	5,316
Miscellaneous Income	5,000	5,000	-	(5,000)
Total revenues	<u>2,882,748</u>	<u>3,328,432</u>	<u>3,447,852</u>	<u>119,420</u>
EXPENDITURES				
Intergovernmental	952,150	1,228,656	1,247,381	(18,725)
Legal	25,000	40,000	35,958	4,042
Accounting	10,000	20,000	16,920	3,080
Facilities and Equipment	12,000	12,000	12,201	(201)
Infrastructure	8,307,000	5,416,106	5,361,268	54,838
Engineering	125,000	300,000	272,851	27,149
Engineering -112th	25,000	-	-	-
Engineering - Tower Road	25,000	50,000	45,799	4,201
Underdrain repair	25,000	25,000	-	25,000
Landscape Improvements	250,000	250,000	227,245	22,755
Fence Repair	5,000	5,000	-	5,000
Contingency	-	948,038	-	948,038
Cost of issuance	-	250,867	250,867	-
Total expenditures	<u>9,761,150</u>	<u>8,545,667</u>	<u>7,470,490</u>	<u>1,075,177</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,878,402)</u>	<u>(5,217,235)</u>	<u>(4,022,638)</u>	<u>1,194,597</u>
OTHER FINANCING SOURCES (USES)				
Developer advance repayment	(1,428,038)	(22,400,000)	(22,400,000)	-
Developer advance	1,760,470	5,900,000	5,275,937	(624,063)
Bond issuance	-	16,600,000	16,600,000	-
Transfer to other fund	-	(1,054,333)	(1,054,830)	(497)
Transfer from NRMD 2	6,546,530	5,800,000	5,800,000	-
Total other financing sources (uses)	<u>6,878,962</u>	<u>4,845,667</u>	<u>4,221,107</u>	<u>(624,560)</u>
NET CHANGE IN FUND BALANCES	560	(371,568)	198,469	570,037
FUND BALANCES - BEGINNING OF YEAR	<u>397,039</u>	<u>432,952</u>	<u>432,952</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 397,599</u>	<u>\$ 61,384</u>	<u>\$ 631,421</u>	<u>\$ 570,037</u>