

PARKER HOMESTEAD METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2017

with

Independent Auditors' Report

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July 24, 2018

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Board of Directors
Parker Homestead Metropolitan District
Douglas County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Parker Homestead 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Parker Homestead Metropolitan District as of December 31, 2017, and the respective changes in financial position and the respective 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

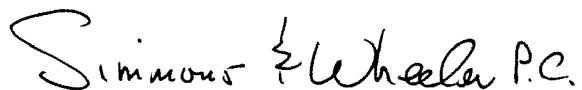
Required Supplementary Information

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 opinions on the financial statements that collectively comprise Parker Homestead Metropolitan District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

 Simmons & Wheeler P.C.

Englewood, CO
July 12, 2018

PARKER HOMESTEAD METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2017

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	\$ 1,610	\$ -	\$ -	\$ 1,610	\$ -	\$ 1,610
Cash and investments - restricted	2,930	228,533	2,022	233,485	-	233,485
Receivable - County Treasurer	524	2,816	-	3,340	-	3,340
Property taxes receivable	91,925	493,812	-	585,737	-	585,737
Financial guarantee	-	-	11,500	11,500	-	11,500
Prepaid expenses	2,731	-	-	2,731	-	2,731
Total Assets	\$ 99,720	\$ 725,161	\$ 13,522	\$ 838,403	-	838,403
DEFERRED OUTFLOWS OF RESOURCES						
Deferred cost on refunding	-	-	-	-	68,202	68,202
Total Deferred Outflows of Resources	-	-	-	-	68,202	68,202
Total Assets and Deferred Outflows of Resources	\$ 99,720	\$ 725,161	\$ 13,522	\$ 838,403		
LIABILITIES						
Accounts payable	\$ 13,444	\$ 250	\$ -	\$ 13,694	-	13,694
Accrued interest - bonds	-	-	-	-	36,919	36,919
Long-term liabilities:						
Due within one year	-	-	-	-	55,000	55,000
Due in more than one year	-	-	-	-	10,511,249	10,511,249
Total Liabilities	13,444	250	-	13,694	10,603,168	10,616,862
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	91,925	493,812	-	585,737	-	585,737
Total Deferred Inflows of Resources	91,925	493,812	-	585,737	-	585,737
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	2,731	-	-	2,731	(2,731)	-
Restricted:						
Emergencies	2,930	-	-	2,930	(2,930)	-
Debt service	-	231,099	-	231,099	(231,099)	-
Capital projects	-	-	13,522	13,522	(13,522)	-
Assigned:						
Unassigned	(11,310)	-	-	(11,310)	11,310	-
Total Fund Balances	(5,649)	231,099	13,522	238,972	(238,972)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 99,720	\$ 725,161	\$ 13,522	\$ 838,403		
Net Position:						
Net investment in capital assets					(10,455,016)	(10,455,016)
Restricted for:						
Emergencies					2,930	2,930
Debt service					231,099	231,099
Capital projects					13,522	13,522
Unrestricted					(88,529)	(88,529)
Total Net Position					\$(10,295,994)	\$(10,295,994)

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 15,914	\$ -	\$ -	\$ 15,914	\$ -	\$ 15,914
Insurance	2,784	-	-	2,784	-	2,784
Legal	18,115	-	-	18,115	-	18,115
Management fees	11,224	-	-	11,224	-	11,224
Miscellaneous expenses	233	-	-	233	-	233
Treasurer's fees	1,065	5,727	-	6,792	-	6,792
Bond Interest expense	-	462,715	-	462,715	34,414	497,129
Paying agent fees	-	250	-	250	-	250
Capital assets conveyed to other governments	-	-	-	-	6,949,676	6,949,676
Developer advances - interest	-	-	-	-	53,947	53,947
Total Expenditures	<u>49,335</u>	<u>468,692</u>	<u>-</u>	<u>518,027</u>	<u>7,038,037</u>	<u>7,556,064</u>
GENERAL REVENUES						
Property taxes	71,017	381,518	-	452,535	-	452,535
Specific ownership taxes	7,820	42,043	-	49,863	-	49,863
Interest income	33	2,971	14	3,018	-	3,018
Miscellaneous income	16	-	-	16	-	16
Total General Revenues	<u>78,886</u>	<u>426,532</u>	<u>14</u>	<u>505,432</u>	<u>-</u>	<u>505,432</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,551	(42,160)	14	(12,595)	(7,038,037)	(7,050,632)
OTHER FINANCING SOURCES (USES)						
Transfers in/out	<u>(266)</u>	<u>-</u>	<u>266</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(266)</u>	<u>-</u>	<u>266</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	29,285	(42,160)	280	(12,595)	12,595	
CHANGE IN NET POSITION					(7,050,632)	(7,050,632)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>(34,934)</u>	<u>273,259</u>	<u>13,242</u>	<u>251,567</u>	<u>(3,496,929)</u>	<u>(3,245,362)</u>
END OF YEAR	<u>\$ (5,649)</u>	<u>\$ 231,099</u>	<u>\$ 13,522</u>	<u>\$ 238,972</u>	<u>\$(10,534,966)</u>	<u>\$(10,295,994)</u>

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2017

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 72,004	\$ 71,017	\$ (987)
Specific ownership taxes	3,500	7,820	4,320
Interest income	32	33	1
Miscellaneous income	<u>-</u>	<u>16</u>	<u>16</u>
Total Revenues	<u>75,536</u>	<u>78,886</u>	<u>3,350</u>
EXPENDITURES			
Accounting and audit	20,000	15,914	4,086
Election expense	20	-	20
Insurance	3,100	2,784	316
Legal	10,000	18,115	(8,115)
Management fees	12,200	11,224	976
Miscellaneous expenses	600	233	367
Treasurer's fees	1,100	1,065	35
Contingency	7,019	-	7,019
Emergency reserve	<u>2,270</u>	<u>-</u>	<u>2,270</u>
Total Expenditures	<u>56,309</u>	<u>49,335</u>	<u>6,974</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,227	29,551	10,324
OTHER FINANCING SOURCES (USES)			
Transfers in/out	<u>-</u>	<u>(266)</u>	<u>(266)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(266)</u>	<u>(266)</u>
NET CHANGE IN FUND BALANCE	19,227	29,285	10,058
FUND BALANCE:			
BEGINNING OF YEAR	<u>(17,346)</u>	<u>(34,934)</u>	<u>(17,588)</u>
END OF YEAR	<u>\$ 1,881</u>	<u>\$ (5,649)</u>	<u>\$ (7,530)</u>

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was organized on March 15, 2011, as a quasi-municipal corporation and political subdivision established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes and developer advances. The District is governed by an elected Board of Directors.

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

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

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

Basis of Presentation

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District.

The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

Interfund Balances

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

Estimates

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2017.

Long-Term Obligations

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

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Fund Equity

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$2,731 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$2,930 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$231,099 is restricted for the payment of the debt service costs associated with the Series 2016 Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$13,522 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Deficits

The General Fund had a deficit reported in the amount of (\$5,649) in the fund financial statements as of December 31, 2017. The deficit is anticipated to be eliminated in 2018 with the receipt of property tax revenue.

Net Position

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

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

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

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

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

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 1,610
Cash and investments - Restricted	<u>233,485</u>
Total	\$ <u>235,095</u>

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

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

Deposits with financial institutions	\$ 12,484
Investments - CSAFE	<u>222,611</u>
	\$ <u>235,095</u>

Deposits

Custodial Credit Risk

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

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the amortized cost method.

Credit Risk

The District has adopted an investment policy by which it follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

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

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust ("CSAFE"), is rated AAAM by Standard and Poor's with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. 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 custodians' internal records identify the investments owned by CSAFE. At December 31, 2017, the District had \$222,611 invested in CSAFE

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2017</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 6,949,676	\$ -	\$ 6,949,676	\$ -
Total capital assets not being depreciated	<u>6,949,676</u>	<u>-</u>	<u>6,949,676</u>	<u>-</u>
Government type assets, net	<u>\$ 6,949,676</u>	<u>\$ -</u>	<u>\$ 6,949,676</u>	<u>\$ -</u>

During 2017, all fixed assets were conveyed by the District to other local governments. The District will not be responsible for maintenance.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Note 4: Long Term Obligations

The following is an analysis of changes in long-term obligations for the period ending December 31, 2017:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017	Current Portion
GO Bonds Series 2016	\$ 8,300,000	\$ -	\$ -	\$ 8,300,000	\$ 55,000
GO Bonds Series 2016 - premium	419,050	-	21,380	397,670	-
Developer Advances:					
Operations:					
Principal	32,889	-	-	32,889	-
Accrued interest	7,323	2,819	-	10,142	-
Capital:					
Principal	639,103	-	-	639,103	-
Accrued interest	1,135,317	51,128	-	1,186,445	-
Total	<u>\$ 10,533,682</u>	<u>\$ 53,947</u>	<u>\$ 21,380</u>	<u>\$ 10,566,249</u>	<u>\$ 55,000</u>

A description of the long-term obligations as of December 31, 2017, is as follows:

\$8,300,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2016

On November 15, 2016, the District issued General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvements Bonds, Series 2016, in the amount of \$8,300,000 (“Series 2016 Bonds”). The Series 2016 Bonds were issued for the purpose of refunding the District’s Tax-Exempt Loan, Series 2014 (“Series 2014 Loan”), paying the costs of certain public infrastructure, funding any of the funds created per the Trust Indenture, and paying the costs incurred in connection with the issuance of the Bonds and the refunding of the Series 2014 Loan. The Series 2016 Bonds were issued in denominations of \$500,000, mature on December 1, 2044 with interest payable on June 1 and December 1 of each year beginning June 1, 2017. Series 2016 Bonds in the principal amount of \$2,120,000 bear interest at 4.5% and mature on December 1, 2030. Series 2016 Bonds in the principal amount of \$6,180,000 bear interest at 5.625% and mature on December 1, 2044.

The Series 2016 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2018 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2021, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

The Series 2016 Bonds are secured by Pledged Revenues which include the Required Mill Levy, Capital Fees, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, and any other legally available moneys as determined by the District.

As a result of the issuance of the Series 2016 Bonds, the Series 2014 Loan is considered to be defeased and the liabilities have been removed from the governmental activities column of the statement of net position. The reacquisition price of the old debt exceeded the net carrying amount by \$151,903. This amount is recorded as a deferred outflow and is being amortized over the original remaining life of the refunded loan. The refunding resulted in an economic loss of \$806,912 due to extending the term of the debt and converting from a variable rate to a fixed rate.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2016 Bonds:

	Principal	Interest	Total
2018	\$ 55,000	\$ 443,025	\$ 498,025
2019	105,000	440,550	545,550
2020	120,000	435,825	555,825
2021	125,000	430,425	555,425
2022	140,000	424,800	564,800
2023-2027	870,000	2,020,275	2,890,275
2028-2032	1,260,000	1,788,244	3,048,244
2033-2037	1,795,000	1,395,000	3,190,000
2038-2042	2,550,000	810,000	3,360,000
2043-2044	1,280,000	109,406	1,389,406
	<u>\$ 8,300,000</u>	<u>\$ 8,297,550</u>	<u>\$ 16,597,550</u>

Project Funding and Reimbursement Agreement

The District entered into a Project Funding and Reimbursement Agreement (“Project Agreement”) dated March 23, 2011, with an effective date of March 15, 2011, as amended in the First Amendment to the Project Funding and Reimbursement Agreement (“First Amendment”) dated March 15, 2014, and the Second Amendment to the Project Funding and Reimbursement Agreement (“Second Amendment”) dated November 14, 2016, with an effective date of March 15, 2011, by and between the District and Parker Homestead Investments, LLC, a Colorado limited liability company (the “Developer”), which provide for certain procedures for the funding of public improvements to be constructed by the Developer and the procedures for the District to acquire such public improvements upon completion.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

Per the Project Agreement, the District will reimburse the Developer for advances made for district organization and construction related expenses up to \$8,182,984, which includes amounts advanced under the Development Agreement (see Note 6). For advances made for organization expenses, simple interest shall accrue from the date of organization of the District until paid at the rate of 8% per annum. For construction related expenses, simple interest shall accrue on each developer advance from the date of deposit into the District's account until paid at the rate of 8% per annum. The reimbursement obligations under the Project Agreement were subordinate to the Chambers Road Costs from the IGA between the District and the Town of Parker ("Town"), which obligation was satisfied in full in 2016 (See Note 6) and the costs of the South Newlin Gulch Trail as part of the Development Agreement.

Per the First Amendment to the Project Agreement, payments by the District to the Developer under the Project Agreement will be applied first to the principal amount due and then to accrued and unpaid interest.

Per the Second Amendment to the Project Agreement, the parties agreed that, in lieu of advancing funds to the District for Construction Related Expenses, the Developer may construct or cause the construction of all or a portion of the Improvements, subject to certain conditions precedent to the District's obligation to reimburse Construction Related Expenses incurred by the Developer, including: (1) with respect to Improvements to be acquired by the District, as-built drawings and such other documentation as may be required by the District to verify that there are no outstanding amounts due to contractors, subcontractors, material providers or suppliers; (2) with respect to Improvements to be dedicated to the Town, Parker Water and Sanitation District or other appropriate jurisdiction, evidence satisfactory to the District that the Improvements have been finally accepted by such jurisdiction; and (3) with respect to all Developer constructed Improvements, certification of an independent engineer. Additionally, any such reimbursements shall be subject to the same terms and conditions as apply to reimbursement of Developer advances under the Project Agreement.

The term of the Project Agreement will expire on December 31, 2041. Any principal and accrued interest outstanding on December 31, 2041 shall be deemed forever discharged and satisfied in full.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Facilities Acquisition and Reimbursement Agreement

The District entered into a Facilities Acquisition and Reimbursement Agreement (“FARA”) dated March 19, 2014, as amended in the First Amendment to the Facilities Acquisition and Reimbursement Agreement (“First Amendment”), dated and effective October 6, 2016, by and between the District and the Developer, pursuant to which the Developer deposited land sale proceeds into an escrow account established pursuant to a purchase and sale agreement with Lennar Colorado, LLC (“Lennar”). The proceeds in the escrow account were advanced by the Developer, to pay costs incurred by Lennar Colorado, LLC (“Lennar”), up to a maximum of \$600,000, for the construction of certain street, water, sanitary sewer, drainage and landscape improvements (the “Lennar Improvements”), acquire the Lennar Improvements from Lennar, and then convey the Lennar Improvements to the District. Pursuant to the First Amendment to the FARA, the parties amended the maximum amount that the District will reimburse the Developer for funds advanced for the Lennar Improvements under the FARA, from \$600,000 up to \$1,788,779.06, together with interest thereon. Under the FARA, simple interest accrues at the rate of 8% per annum until paid.

When the District’s 2015 Audit was prepared, the FARA capped the reimbursable amount to \$600,000, and at that time that the District had no obligation nor sufficient funds to reimburse the \$1,119,081 incurred for construction of the Lennar Improvements. In turn, the \$1,119,081 was characterized as a “Developer contribution” to acknowledge the full amount advanced by the Developer for these improvements.

Subsequent development of property within the District increased its assessed valuation to the extent that the District did have the financial capacity to reimburse the Developer for the additional costs and the District asked its independent engineer, 2N Civil, to verify District-eligible costs of the Lennar Improvements. By letter dated October 3, 2016, 2N Civil verified costs totaling \$1,719,080.97. The District thus amended the FARA in the First Amendment on October 6, 2016, to increase the amount reimbursable under the FARA to \$1,788,779.06, and this amount was accepted by the Board at its October 13, 2016, meeting.

At December 31, 2017, \$639,103 in principal and \$1,179,467 in interest is due to the Developer for capital advances under the Project Agreement and the FARA.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2017

Reimbursement Agreement

On November 8, 2012, the District, Developer and Standard Pacific of Colorado, Inc. (“Standard Pacific”) entered into a Reimbursement Agreement (the “Reimbursement Agreement”). Per the Reimbursement Agreement, Standard Pacific will advance funds to the District to pay for operational and organizational expenses of the District, engineering services to complete plans for District improvements, and other related fees and expenses, which have been paid and which may be paid subsequent to this Reimbursement Agreement. The funds that Standard Pacific advances under the Reimbursement Agreement to the District will only include funds that will be disbursed from the Escrow Account, established pursuant to the Development Agreement (See Note 6), and approved by Standard Pacific. Standard Pacific’s obligation to approve disbursements from the Escrow Account for the funds advanced for District operational expenses terminated on July 31, 2013. The funds advanced by Standard Pacific shall be reimbursed to the Escrow Account by the District and/or Developer with interest at a rate of 9% per annum, based on actual days elapsed and a 360 day year, pursuant to the Promissory Note securing the Developer’s obligation under the Reimbursement Agreement. The funds advanced will be reimbursed from the proceeds received by the District from its first bond issue, to the extent not already reimbursed by the Developer, or by the Developer from the proceeds received from amounts held as security by the Town of Parker for financial guarantees and grading permits and the sale of any lots within Tracts A and B, Parker Homestead Filing No. 1. If the aforementioned events do not occur on or before December 15, 2015, the Developer shall make the reimbursement on or before the aforesaid date. At December 31, 2017, \$6,978 is due to the Escrow Account under the Reimbursement Agreement, which is all accrued interest.

As of February 2018, the Promissory Note was paid in full and cancelled. The Deed of Trust serving the Developer’s obligation under the Reimbursement Agreement and the Development Agreement was released in full on February 2, 2018.

Operation Funding Agreements

The District and Developer have entered into Operation Funding Agreements for each of the years 2011, 2012, 2013, 2014, 2015 and 2016 (“Operation Funding Agreements”), pursuant to which the Developer agreed to advance funds to the District for operations and maintenance expenses to the extent that other District revenues are insufficient to pay such expenses. Simple interest will accrue on each Developer advance from the date of deposit into the District’s account at the rate of 8% per annum until paid. The District’s intent is to repay the Developer to the extent it has funds available from the imposition of its taxes, rates, toll, penalties and charges or other legally available revenue, after payment of its annual debt service obligations and annual operations and maintenance expenses. The term of the reimbursement obligation under each Operation Funding Agreement is 40 years, and any principal and accrued interest outstanding at the end of such 40-year period shall be deemed forever discharged and satisfied in full. All of the Operation Funding Agreements have been amended at the Developer’s request to provide for the payment of principal before interest.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

At December 31, 2017, \$43,031 is due to the Developer under the 2011, 2012, 2013, 2014, 2015 and 2016 Operation Funding Agreements, \$32,889 of principal and \$10,142 of accrued interest.

Debt Authorization

As of December 31, 2017, the District had authorized but unissued general obligation indebtedness in the following amounts allocated for the following purposes:

Authorization Used and Remaining from 2010 Election				
Purpose	Principal Amount Voted	Principal Amount Used by 2014 Loan Agreement	Principal Amount Used by Series 2016	Principal Amount Remaining
Water	\$ 8,300,000	\$ (1,367,123)	\$ (818,651)	\$ 6,114,226
Sanitation	8,300,000	(810,147)	(927,139)	6,562,714
Streets	8,300,000	(2,481,076)	(796,436)	5,022,488
Park and Recreation	8,300,000	(405,074)	(1,160,404)	6,734,522
Operations	1,000,000	-	-	1,000,000
Refunding	16,600,000	-	(4,597,370)	12,002,630
IGA Debt	8,300,000	-	-	8,300,000
TOTAL	\$ 59,100,000	\$ (5,063,420)	\$ (8,300,000)	\$ 45,736,580

The District has not budgeted to issue any new debt during 2018. Per the District's Service Plan, the District cannot issue debt in excess of \$8,300,000. Per the Service Plan, for any portion of the District Debt which exceeds 50% of the District's assessed valuation, the maximum debt mill levy for such portion of debt shall be 35 mills (as adjusted for Gallagher on or after January 1, 2000) less the number of mills necessary to pay District administrative operating expenses and the number of mills necessary to pay unlimited mill levy debt.

Note 5: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board. Also, the Developer has a construction contact administration agreement with the District (see Note 6).

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Note 6: Other Agreements

Development Agreement

On April 4, 2011, as amended on September 27, 2011 and November 8, 2012, the District, the Developer and Standard Pacific entered into a Development Agreement. Standard Pacific purchased real property for the purpose of developing and/or constructing residential projects from the Developer. Per the Development Agreement, Standard Pacific deposited \$2,241,704 into an Escrow Account to fund construction of District Improvements, as defined in the Development Agreement, to be constructed by the District. \$564,844 was released from the escrow funds per the amended Development Agreement to the Town and Parker Water and Sanitation District, to guaranty completion of certain District Improvements, and the Developer agreed to reimburse the District for the amounts withdrawn from the escrow funds that are not used to complete District Improvements pursuant to the applicable completion guaranty. The Escrow Agreement shall terminate upon the later of the entire disbursement of escrow funds or expiration of the warranty periods for all District Improvements that are subject to the Development Agreement. If any escrow funds remain after termination of the Escrow Agreement, the escrow agent shall disburse 50% of such remaining funds to each of Standard Pacific and the Developer.

If there are insufficient funds under the Escrow Agreement to pay for the District Improvements, such shortfalls shall be funded by Standard Pacific. Standard Pacific acknowledges that the Developer shall be entitled to seek reimbursement from the District in an amount equal to \$2,241,704 in accordance with the provisions of the Project Funding and Reimbursement Agreement. Per the Development Agreement, the District shall provide contract administration with respect to the design, engineering and construction of the District Improvements, acceptance of the District Improvements by the Town or other applicable jurisdictions, and processing and payment of all invoice and payment requests under the project contracts for the District Improvements. All project contracts shall require that all work be performed under such project contracts be substantially completed on or before November 30, 2011.

The Deed of Trust securing the Developer's obligation under the Reimbursement Agreement and the Development Agreement was released in full on February 2, 2018.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Construction Contract Administration Agreement

On November 30, 2012, the District and BCX Development, LLC (“BCX”) entered in a Construction Contract Administration Agreement (the “Construction Agreement”). Under the Construction Agreement, BCX shall facilitate, design and construct the District Improvements on behalf of the District in accordance with the requirements of the Development Agreement. The District shall pay to BCX (i) \$16,700 after commencement of construction of the District Improvements, (b) \$16,700 when the curb and gutter is constructed for Parker Homestead Parkway, (c) \$16,700 when both the Town of Parker and the Parker Water and Sanitation District have given Probationary Acceptance for the initial lots with Filing No. 2 and (d) accrued construction administration compensation in the amount of 4.75% of the total costs of the District Improvements, as defined in the Construction Agreement, less the amounts previously paid. The accrued Construction Administration Agreement costs will accrue interest at a rate of 1% per annum until such time as the District issues its first series of bonds. This agreement will terminate on satisfactory completion of the construction contract administration. During 2017 the District did not reimburse BCX for any construction contract administration fees.

Note 7: Tax, Spending and Debt Limitations

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

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

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

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

On November 2, 2010, 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 Article X, Section 20 of the Colorado Constitution.

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2017

Note 8: Risk Management

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

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

Note 9: Interfund and Operating Transfers

The transfer of \$266 from the General Fund to the Capital Projects was transferred for the purpose of funding the payment of capital improvements.

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2017

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

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

SUPPLEMENTAL INFORMATION

PARKER HOMESTEAD METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2017

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 387,088	\$ 381,518	\$ (5,570)
Specific ownership taxes	26,500	42,043	15,543
Interest income	<u>350</u>	<u>2,971</u>	<u>2,621</u>
Total Revenues	<u>413,938</u>	<u>426,532</u>	<u>12,594</u>
EXPENDITURES			
Miscellaneous expenses	200	-	200
Treasurer's fees	5,900	5,727	173
Bond Interest expense	462,715	462,715	-
Paying agent fees	<u>-</u>	<u>250</u>	<u>(250)</u>
Total Expenditures	<u>468,815</u>	<u>468,692</u>	<u>123</u>
NET CHANGE IN FUND BALANCE	(54,877)	(42,160)	12,717
FUND BALANCE:			
BEGINNING OF YEAR	<u>446,317</u>	<u>273,259</u>	<u>(173,058)</u>
END OF YEAR	<u>\$ 391,440</u>	<u>\$ 231,099</u>	<u>\$ (160,341)</u>

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

PARKER HOMESTEAD METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2017

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ 14	\$ 14
Total Revenues	<u>-</u>	<u>14</u>	<u>14</u>
EXPENDITURES			
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	14	14
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	<u>-</u>	<u>266</u>	<u>266</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>266</u>	<u>266</u>
NET CHANGE IN FUND BALANCE	-	280	280
FUND BALANCE:			
BEGINNING OF YEAR	<u>42,617</u>	<u>13,242</u>	<u>(29,375)</u>
END OF YEAR	<u>\$ 42,617</u>	<u>\$ 13,522</u>	<u>\$ (29,095)</u>

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