

SWEETGRASS METROPOLITAN DISTRICT NO. 1

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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June 5, 2018

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YEAR ENDED DECEMBER 31, 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sweetgrass Metropolitan District No. 1
Dacono, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Sweetgrass Metropolitan District No. 1, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' 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 from 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 auditors' 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 fund of Sweetgrass Metropolitan District No. 1 as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Matured Debt

As discussed in Note 6, the District holds a Bond Anticipation Notes (BAN) which matured at December 14, 2015. At the date of this report, the District has the ability to consummate the outstanding BAN's in accordance with the GASB No. 62, Paragraph 39, by entering into a financing agreement with the Developer on February 25, 2016. Based on this ability, the District has excluded this BAN from current liabilities as of December 31, 2017. The agreement states that the outstanding BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The District did not pay off principal or issue a new instrument in 2017. Our opinions are not modified with respect to this matter.

Restatement Due to Error

As described in Note 1 to the financial statements, the District corrected an error made in the prior year. As a result, the District reported a restatement of net position for the correction. Our opinions are not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3-7 and page 26 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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
March 13, 2018

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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

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

Financial Highlights

- The net position of the District decreased by \$790,394 in 2017 to (\$1,753,857).
- Budgeted expenditures exceeded actual expenditures by \$2,440,783.
- The District has two bond anticipation notes outstanding, the 2005 BAN held by Dacono Properties and the 2005 BAN held by Sweetgrass Investors.
- Capital assets decreased by \$1,092,591 in 2017, as conveyances to the City of Dacono exceeded new capital outlay to the City of Dacono.

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 basic financial statements, presented on pages 8-24 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves, presented on page 26.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's basic financial statements a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

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

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period. The government-wide financial statements consolidate governmental activities that are supported from taxes and intergovernmental revenues. Governmental activities consolidate governmental funds including the general fund. The government-wide financial statements can be found on pages 8-9.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for special objectives. The District uses governmental funds to account for its activity.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliations are provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

All of the District's activities are reported in a single governmental fund, the general fund, which focuses on how money flows into and out of that fund and the balance left at year-end available for spending in future periods.

The District adopts an annual budget for the governmental fund. A budgetary comparison schedule for the general fund is included in the required supplementary information.

The basic governmental fund financial statements can be found on pages 10-13 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 14-24 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the District's budgetary comparisons. Required supplementary information can be found on page 26 of this report.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

Government-wide Financial Analysis

Government-wide Net Position

The assets of the District are classified as current assets and capital assets. Cash and investments are current assets. These assets are available to provide resources for the near-term operations of the District.

Capital assets are used in the operations of the District. These assets represent the construction in progress of the District. Capital assets decreased by \$1,092,591 during the current year. Assets conveyed to the City of Dacono totaled \$2,920,038.

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

The liabilities and deferred inflows of resources of the primary government activities exceed assets by \$1,753,857, with an unrestricted net position of (\$1,944,763). The District has \$30 restricted for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado and \$190,906 for capital projects.

The 2016 balances presented below have not been recast to conform with the current year results of the prior period adjustment. See Note 1 for details on restatement of beginning net position for fiscal year 2017.

**Government-wide Total Assets as Compared to Total Liabilities,
Deferred Inflows of Resources and Total Net Position:**

| | Net Position | |
|-------------------------------------|----------------|--------------|
| | 2017 | 2016 |
| Assets: | | |
| Current | \$ 586,970 | \$ 1,975,715 |
| Construction in Progress | 265,025 | 2,627,455 |
| Total Assets | 851,995 | 4,603,170 |
| Liabilities: | | |
| Current | 113,763 | 278,805 |
| Noncurrent | 2,489,992 | 4,017,553 |
| Total Liabilities | 2,603,755 | 4,296,358 |
| Deferred Inflows of Resources: | | |
| Property Tax Revenue | 2,097 | 436 |
| Total Deferred Inflows of Resources | 2,097 | 436 |
| Net Position: | | |
| Restricted | 190,906 | 76 |
| Unrestricted | (1,944,763) | 306,300 |
| Total Net Position | \$ (1,753,857) | \$ 306,376 |

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

Government-wide Activities

All of the District's programs and services are reported as governmental activities. Government activities decreased net position of the District by \$790,394. The details of this decrease are shown in the following schedule:

The District's Changes in Net Position

| | Governmental Activities | |
|---|-------------------------|-------------|
| | 2017 | 2016 |
| Revenues: | | |
| General Revenue: | | |
| Property Taxes | \$ 436 | \$ 710 |
| Specific Ownership Taxes | 34 | 54 |
| Investment Income | 521 | 1,759 |
| Reimbursement Income | 2,022 | - |
| Intergovernmental Revenue | 2,353,799 | 2,445,678 |
| Total Revenue | 2,356,812 | 2,448,201 |
| Expenses: | | |
| Governmental Activities: | | |
| General Government | 84,006 | 103,014 |
| Public Works | 2,920,038 | - |
| Interest and other fiscal charges | 143,162 | 142,767 |
| Total Expense | 3,147,206 | 245,781 |
| Total Change in Net Position | (790,394) | 2,202,420 |
| Net Position - Beginning of Year (as previously stated) | 306,376 | (1,896,044) |
| Adjustments to Beginning Net Position (Note 1) | (1,269,839) | - |
| Net Position - Beginning of Year (as restated) | (963,463) | (1,896,044) |
| Net Position - End of Year | \$ (1,753,857) | \$ 306,376 |

Key elements of the decreases in net position for governmental activities are as follows:

- Intergovernmental revenues decreased by \$91,879 because of a reduction in loan proceeds that were transferred from District No. 2 in 2017.
- Governmental activity expenses increased by \$2,901,425 primarily because of increased capital improvement conveyances to the City of Dacono.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

Financial Analysis of the District's Governmental Funds

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

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine where there are more or fewer financial resources that can be spent in the near future. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's one governmental fund, the general fund, reported an ending fund balance of \$499,190. The District has an unassigned fund balance of \$304,901. Fund balance of \$190,906 is restricted for emergencies and capital projects. The nonspendable portion is related to prepaid insurance of \$3,383.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Actual expenditures of the general fund amounted to \$3,601,553. Total general fund balance represents 13.9% of expenditures.

General Fund Budgetary Highlights

The fund balance for the general fund decreased by \$1,244,741 resulting in an ending fund balance of \$499,190. Budgeted revenues were less than actual revenue by \$1,131,355. Actual expenditures were below budgeted expenditures by \$2,440,783, principally due to capital expenditures being lower than expected.

Economic Factors and Next Year's Budgets and Rates

- Capital expenditures are expected to increase in 2018.
- The assessed valuation of property in District No. 2 increased by \$3,277,819 from 2017. This translates to an increase of \$211,629 in revenue available for District No. 1.

Requests for Information

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

Sweetgrass Metropolitan District No. 1
Mr. Steve Rane
2500 Arapahoe, Suite 220
Boulder, Colorado 80302

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 288,775 |
| Restricted Cash | 276,559 |
| Refundable Deposit | 16,154 |
| Property Tax Receivable | 2,097 |
| Due from County Treasurer | 2 |
| Prepaid Expenses | 3,383 |
| Construction in Progress | <u>265,025</u> |
| Total Assets | <u>851,995</u> |
| LIABILITIES | |
| Current Liabilities Due in Less Than One Year: | |
| Accounts Payable and Retainage Payable | 85,683 |
| Accrued Interest Payable | 28,080 |
| Noncurrent Liabilities Due in More Than One Year: | |
| Bond Anticipation Notes | 1,674,961 |
| Developer Advances | <u>815,031</u> |
| Total Liabilities | <u>2,603,755</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | <u>2,097</u> |
| Total Deferred Inflows of Resources | <u>2,097</u> |
| NET POSITION | |
| Restricted for Emergencies | 30 |
| Restricted for Capital Projects | 190,876 |
| Unrestricted | <u>(1,944,763)</u> |
| Total Net Position | <u><u>\$ (1,753,857)</u></u> |

See accompanying Notes to Financial Statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

| Functions/Programs | Expenses | Program Revenue Charges for Services | Net (Expense) Revenue and Changes in Net Position Governmental Activities |
|---|--------------|---|--|
| Governmental Activities: | | | |
| General Government | \$ 84,006 | \$ - | \$ (84,006) |
| Public Works | 2,920,038 | - | (2,920,038) |
| Interest and Related Costs on Long-Term Debt | 143,162 | - | (143,162) |
| | \$ 3,147,206 | \$ - | (3,147,206) |
| General Revenues: | | | |
| Property Taxes | | | 436 |
| Specific Ownership Taxes | | | 34 |
| Net Investment Income | | | 521 |
| Reimbursement Income | | | 2,022 |
| Intergovernmental Revenue - Districts No. 2 and No. 3 | | | 2,353,799 |
| Total General Revenues | | | 2,356,812 |
| Change in Net Position | | | (790,394) |
| Net Position - Beginning of Year (as previously stated) | | | 306,376 |
| Adjustment to Beginning Net Position (Note 1) | | | (1,269,839) |
| Net Position - Beginning of Year (as restated) | | | (963,463) |
| Net Position - End of Year | | | \$ (1,753,857) |

See accompanying Notes to Financial Statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
DECEMBER 31, 2017**

| | General Fund |
|---|-----------------|
| ASSETS | |
| Cash and Investments | \$ 288,775 |
| Restricted Cash | 276,559 |
| Refundable Deposits | 16,154 |
| Property Tax Receivable | 2,097 |
| Due from County Treasurer | 2 |
| Prepaid Items | 3,383 |
| Total Assets | \$ 586,970 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | |
| LIABILITIES | |
| Accounts Payable and Retainage Payable | \$ 85,683 |
| Total Liabilities | 85,683 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | 2,097 |
| Total Deferred Inflows of Resources | 2,097 |
| FUND BALANCE | |
| Nonspendable | 3,383 |
| Restricted for Emergencies | 30 |
| Restricted for Capital Projects | 190,876 |
| Unassigned | 304,901 |
| Total Fund Balance | 499,190 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 586,970 |

See accompanying Notes to Financial Statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2017**

| | | |
|--|----|---------|
| Total Fund Balance - Total Governmental Fund | \$ | 499,190 |
|--|----|---------|

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 fund balance sheet:

| | | |
|---------------------------------------|--|---------|
| Capital Assets, Not Being Depreciated | | 265,025 |
|---------------------------------------|--|---------|

Some liabilities are not due in the current period and, therefore, are not reported in the fund balance sheet:

| | | |
|---------------------------------|--|--------------------|
| Bond Anticipation Notes Payable | | (1,674,961) |
| Developer Advances | | (815,031) |
| Accrued Interest Payable | | (28,080) |
| | | <u>(2,518,072)</u> |

| | | |
|---|----|---------------------------|
| Net Position of Governmental Activities | \$ | <u><u>(1,753,857)</u></u> |
|---|----|---------------------------|

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2017**

| | General Fund |
|---------------------------------------|-------------------|
| REVENUES | |
| Property Taxes | \$ 436 |
| Specific Ownership Taxes | 34 |
| Net Investment Income | 521 |
| Reimbursement Income | 2,022 |
| Intergovernmental - Sweetgrass | |
| Metropolitan District No. 2 and No. 3 | 2,353,799 |
| Total Revenues | 2,356,812 |
| EXPENDITURES | |
| Current: | |
| Treasurer and Director Fees | 37 |
| Accounting | 33,217 |
| Audit | 10,525 |
| Insurance | 2,973 |
| Legal | 9,486 |
| LC Fees | 5,858 |
| Other | 736 |
| Intergovernmental - Sweetgrass | |
| Metropolitan District No. 2 and No. 3 | 21,174 |
| Debt Service: | |
| Principal | 1,527,561 |
| Interest | 162,539 |
| Capital Outlay | 1,827,447 |
| Total Expenditures | 3,601,553 |
| NET CHANGE IN FUND BALANCES | (1,244,741) |
| Fund Balance - Beginning of Year | 1,743,931 |
| FUND BALANCE - END OF YEAR | \$ 499,190 |

See accompanying Notes to Financial Statements.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

| | |
|--|---------------------|
| Net Change in Fund Balance - Total Governmental Fund | \$ (1,244,741) |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | |
| <p>Governmental fund reports capital outlays as expenditures. However, for government activities, those capital outlays other than noncapitalizable items are shown in the statement of net position at cost.</p> | |
| Capital Outlay | 1,827,447 |
| <p>Transfers of capital improvements to other entities decrease net position in the statement of activities. This transaction is not reported in the governmental fund as it is not a current use of financial resources.</p> | |
| | (2,920,038) |
| <p>The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p> | |
| Payment of Principal | 1,527,561 |
| <p>The change in accrued interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.</p> | |
| | <u>19,377</u> |
| Change in Net Position of Governmental Activities | <u>\$ (790,394)</u> |

See accompanying Notes to Financial Statements.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 DEFINITION OF REPORTING ENTITY

Sweetgrass Metropolitan District No. 1 (District) is a quasi-municipal corporation located within the city limits of the City of Dacono (Dacono), Colorado created by election in November 2001. The District and Dacono have entered into an Intergovernmental Agreement as required by the Dacono Code, which implemented the District Service Plan and limited certain District statutory powers. The District is governed pursuant to provisions of the Colorado Special District Act to finance construction, operation and maintenance of the facilities located within the Sweetgrass Metropolitan Districts No. 1, No. 2, and No. 3.

The District was organized concurrently with Sweetgrass Metropolitan District No. 2 (District No. 2) and Sweetgrass Metropolitan District No. 3 (District No. 3). The District has the power to provide water, sanitation, storm drainage, streets, traffic and safety controls, and park and recreation improvements and other related improvements for the benefit of taxpayers and service users within the Districts' boundaries. The Service Plan requires the District to convey the constructed improvements to Dacono or the Homeowner's Association (HOA) for ownership and maintenance.

Sweetgrass Metropolitan District No. 1 is intended to serve as the "operating district" while Sweetgrass Metropolitan Districts No. 2 and No. 3 are intended to serve as the "financing districts". The operating district is responsible for providing the day-to-day operations and administrative management of all three of the Districts. The operating district is economically dependent on developer advances and in future years will be economically dependent upon intergovernmental revenue received from the financing districts.

The District has no employees and all services are contracted.

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, including District No. 2, District No. 3, and Dacono.

Prior Period Adjustment

Assets were identified as not being properly conveyed in the amount of \$1,269,839 in prior years. As such, a prior period adjustment has been made to reduce beginning net position for fiscal year 2017.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The District is responsible for the repayment of bonds issued for the purpose of constructing infrastructure improvements, which will be conveyed to Dacono. The funds generated through the issuance of the bonds have been transferred from District No. 2 to District No. 1 for that purpose.

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Construction in progress is shown as an increase in assets and increases in notes payable are recorded as an increase in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 intergovernmental revenue and property taxes. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

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 adopted budgets for the General Fund and Debt Service Fund have been consolidated and reflected as the General Fund budget for financial reporting purposes.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or 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 are recorded initially as deferred inflows of resources in the year they are levied and measurable.

Capital Assets

Capital assets consist entirely of construction projects in process that will be conveyed to Dacono or the HOA once completed. Therefore, no depreciation is calculated on these assets. Interest incurred during construction is not capitalized.

Fund Balance and Net Position

Net position is reported in the governmental activities and is classified as restricted or unrestricted. Restrictions of net position represent amounts that are not available for appropriation or are legally restricted. As of December 31, 2017, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. This includes amounts that are not expected to be converted to cash, for example, prepaid amounts.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund.

Unassigned – represents the residual classification for the District’s General Fund and could report a surplus or deficit.

Restricted Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10). In compliance with this requirement, \$30 of the General Fund balance has been restricted.

The District has a balance of \$190,876 in cash held in escrow, which is considered restricted fund balance for capital projects.

The District’s order of fund balance spending policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The District reserves the right to selectively spend unassigned fund balance.

NOTE 3 CASH AND INVESTMENTS

Cash and investments reflected on the statement of net position as of December 31, 2017 consist of the following:

| | |
|--------------------------------|------------|
| Cash Deposits | \$ 284,015 |
| Restricted Cash Held in Escrow | 276,559 |
| Investments | 4,760 |
| Total Cash and Investments | \$ 565,334 |

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

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 equal to 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's cash deposits were covered under PDPA and not subject to custodial credit risk. At December 31, 2017, the District's cash deposits had a carrying balance of \$560,574.

Investments

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments. The District also follows investment policies in bond or note agreements when those agreements are more restrictive than state statutes. 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 disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

| <u>Investment</u> | <u>Maturity</u> | <u>Amortized Cost</u> |
|-------------------------------------|--------------------|-----------------------|
| Colorado Surplus Asset Fund Trust * | Less than One Year | <u>\$ 4,760</u> |

Colorado Surplus Asset Trust Fund *

As of December 31, 2017, the District had invested \$4,760 in the Colorado Surplus Asset Fund 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 is rated AAAM by Standard & Poor's and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

NOTE 4 CONSTRUCTION IN PROCESS

An analysis of the changes in construction in progress for the year ended December 31, 2017 follows:

| | <u>Balance at January 1, 2017 as Restated</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at December 31, 2017</u> |
|--------------------------|---|---------------------|---------------------|---|
| Construction in Progress | <u>\$ 1,357,616</u> | <u>\$ 1,827,447</u> | <u>\$ 2,920,038</u> | <u>\$ 265,025</u> |

It is the policy of the City of Dacono to accept the maintenance responsibility for water, sanitation, traffic and safety controls, park and recreation improvements (except for a pool and associated landscaping), mosquito and pest control, transportation and other related improvements within Dacono only after a probationary period following completion of construction. When the improvements enter the probationary period, the District removes the cost of construction from its statement of net position.

During 2017, major conveyances to the City of Dacono include Filing No. 1 Replat C Phase 2 improvements in the amount of \$1,592,756. The District conveyed the Amenity Center and the Pool to the HOA in the amount of \$1,327,282. Although the title for this asset remains in the name of the District, the right to use, enjoy, and maintain the asset is the responsibility of the HOA as noted in Note 8.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 RELATED PARTY

All three members of the Board of Directors are employees or are associated with Bellock Construction Company, construction manager and accountants for the District, Dacono Properties LLC, the developer within the District and Sweetgrass Investors, LLC, holders of some of the District's outstanding debt. During 2016, Districts No. 1, No. 2, and No. 3 had the same Board of Directors (see Note 8).

Construction Management Agreement

A construction management agreement was entered into during 2004 between the District and Bellock Construction Company. The agreement calls for Bellock Construction Company to provide management services for all activities related to construction projects to be completed within Sweetgrass Metropolitan Districts No. 1 and No. 2. The agreement expires on December 31 of each year, but is automatically extended for a successive annual period so long as sufficient funds have been appropriated, unless contrary action is taken.

Amounts paid to Bellock Construction Company during 2017 for construction and construction management were \$48,579 and \$87,021, respectively.

Accounting Services Agreement

An accounting services contract was entered into with Bellock Construction Company on March 25, 2004. Under this agreement, accounting services are provided to both District No. 1 and District No. 2 at the hourly rates of Bellock Construction Company employees. During 2017, the District incurred accounting services fees in the amount of \$33,217.

NOTE 6 LONG-TERM OBLIGATIONS

The District's long-term obligations consist of the following for the year ended December 31, 2017:

| | Balance at January 1, 2017 | Additions | Reductions | Balance at December 31, 2017 | Due Within One Year |
|---------------------------|----------------------------------|-------------------|---------------------|------------------------------------|---------------------------|
| Developer Advances | \$ 2,342,592 | \$ - | \$ 1,527,561 | \$ 815,031 | \$ - |
| Dacono Properties, LLC | | | | | |
| 2005 Bond | | | | | |
| Anticipation Notes | 1,052,411 | - | - | 1,052,411 | - |
| Sweetgrass Investors, LLC | | | | | |
| 2005 Bond | | | | | |
| Anticipation Notes | 622,550 | - | - | 622,550 | - |
| Accrued Interest | 47,457 | 143,162 | 162,539 | 28,080 | 28,080 |
| Total | <u>\$ 4,065,010</u> | <u>\$ 143,162</u> | <u>\$ 1,690,100</u> | <u>\$ 2,518,072</u> | <u>\$ 28,080</u> |

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Bond Anticipation Notes - Dacono Properties LLC

In December 2005, the District issued a subordinate note to Dacono Properties LLC for amounts previously advanced to the District by Dacono Properties LLC for Capital Costs. The note was authorized to be issued at \$2,914,273; however, the total advances from the developer were \$2,819,579. The Bond Anticipation Note (BAN) shall incur interest payable on April 1, July 1, October 1, and January 1, starting on April 1, 2006 at an interest rate of 8.5% per annum. On December 15, 2010, the District amended the terms of the BAN to extend the maturity date. The outstanding principal balance at the date of amendment was \$1,052,411. Interest will accrue according to the original terms of the agreement as stated above. During 2017, the District incurred \$89,952 in interest expense related to the BAN. The District made interest payments of \$102,127 on accrued interest in 2017. The repayment of the BAN is subordinate in all respects to repayment of any outstanding Senior Notes or Senior Debt of District No. 1 and District No. 2. The repayment of the BAN principal and accrued interest is payable in immediately available funds upon presentation and surrender of this BAN at its maturity, December 14, 2015. The District has the ability to consummate the outstanding Note in accordance with GASB No. 62, Paragraph 39 by entering into a financing agreement with the Developer on February 25, 2016. Based on this ability, the District has excluded the Note from current liabilities as of December 31, 2017.

The agreement states that the BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The District did not pay off principal or issue a new instrument in 2017. Interest will continue to accrue until one of those requirements is met.

Bond Anticipation Note - Sweetgrass Investors LLC

In December 2005, the District authorized the issuance of a subordinate note in aggregate principal amount of \$498,851 to be issued to Sweetgrass Investors, LLC for an amount previously advanced to the District by Sweetgrass Investors, LLC for Capital Costs. The total advances from the developer at that time were at \$482,339. The BAN shall incur interest payable on April 1, July 1, October 1, and January 1, starting on April 1, 2006 at an interest rate of 8.5% per annum. On December 15, 2010, the District amended the 2005 BAN, at which time the total outstanding interest of \$140,211 was added to the principal balance. The new principal balance is \$622,550 with interest accruing according to the original terms of the agreement. The maturity date of the amended BAN is December 14, 2015.

The agreement states that the BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The District did not pay off principal or issue a new instrument in 2017. Interest will continue to accrue until one of those requirements is met. During 2017, the District incurred \$53,210 in interest expense related to the BAN. The District made interest payments of \$60,412 on accrued interest in 2017. The repayment of the BAN is subordinate in all respects to repayment of any outstanding Senior Notes or Senior Debt of the District. The repayment of the BAN principal and accrued interest is payable in immediately available funds upon presentation and surrender of this BAN at its maturity, December 14, 2015. The District has the ability to consummate the outstanding Note in accordance with GASB No. 62, Paragraph 39 by entering into a financing agreement with the Developer on February 25, 2016. Based on this ability, the District has excluded the Note from current liabilities as of December 31, 2017.

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

The agreement states that the BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. The District did not pay off principal or issue a new instrument in 2017. Interest will continue to accrue until one of those requirements is met.

Landowner and Developer Advances

During 2005, the District entered into the 2005 restated loan agreement for capital costs with Sweetgrass Investors, LLC, the Landowner and Dacono Properties, LLC, the Developer. The Developer agreed to advance the District up to \$14,600,000 for eligible costs as defined by the Districts. Most of the advances made during 2005 were subsequently repaid with the issuance of bond anticipation notes (see above). The existing landowner and developer advances are carried at no interest. The repayment of the advances is subordinate to the repayment of the 2005 Bond Anticipation Notes.

Debt Authorization

The District voters approved \$164,000,000 of revenue obligation debt in 2005 at an interest rate not to exceed 18% per annum. At December 31, 2017, the District had remaining authorized but unissued indebtedness of \$156,812,702 for parks and recreation, streets and traffic controls, water, sewer and storm drainage, and safety or refunding the obligations issued for such purposes. 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.

NOTE 7 INTERGOVERNMENTAL REVENUES AND EXPENDITURES

The following intergovernmental revenue and expenses occurred during fiscal year ended December 31, 2017:

| | <u>Sweetgrass Metropolitan District No. 1</u> | <u>Sweetgrass Metropolitan District No. 2</u> | <u>Sweetgrass Metropolitan District No. 3</u> | <u>Total Revenues</u> |
|--------------------------|---|---|---|---------------------------|
| Sweetgrass Metropolitan: | | | | |
| District No. 1 | \$ - | \$ 2,353,799 | \$ - | \$ 2,353,799 |
| District No. 2 | 17,437 | - | 36,120 | 53,557 |
| District No. 3 | 3,737 | - | - | 3,737 |
| Total Expenditures | <u>\$ 21,174</u> | <u>\$ 2,353,799</u> | <u>\$ 36,120</u> | <u>\$ 2,411,093</u> |

**SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

**NOTE 8 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT
(SERVICE CONTRACT) AND OTHER AGREEMENTS**

District Facilities Construction and Service Agreement

In order to implement the Service Plan, the District entered into an intergovernmental agreement with Districts No. 2 and No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions have been performed in their entirety or until the agreement is terminated by mutual written agreement by the Districts.

The District is to construct the facilities benefiting all of the Districts and transfer them to the City of Dacono. Districts No. 2 and No. 3 will, to the extent that it is to benefit, pay the capital costs and the service costs of operation and maintenance of such facilities. Districts No. 2 and No. 3 are required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the District disagrees as to the amount to be paid, then Districts No. 2 and No. 3 must pay District No. 1 the amount set forth in the annual budget as long as the property tax mill rate does not exceed 55.275 mills.

Maintenance and Warranty of Public Improvements

In 2014, Dacono Properties, LLC (Subdivider), on behalf of the District, entered into a Subdivision Agreement with Dacono. As part of the agreement, the Subdivider was required to enter into an Improvement Guarantee (Guarantee) for a period of time sufficient to cover the completion of the public improvements. If the Subdivider is unable to complete the improvements, Dacono has the right to call upon the Guarantee. The Guarantee could be in the form of cash, certified check, or a letter of credit. The amount of the Guarantee shall be 115% of the total estimated costs including labor and material of all the public improvements to be constructed per the Subdivision Agreement.

Maintenance and Warranty of Public Improvements (Continued)

As of the date of the Subdivision Agreement, February 24, 2014, the estimated cost of the improvements for Phase I were \$2,095,129 in total including the District's portion of \$593,400. As of December 31, 2017, the estimate to complete the Phase I improvements is \$0 and the remaining District balance of the Letter of Credit is \$118,680 to cover any warranty costs. The warranty period expires on March 21, 2018.

On December 14, 2015, the Third Amendment to the Subdivision Agreement was executed, which set for the requirements related to the Phase 2 Improvements. The estimated cost of the District improvements for Phase 2 were \$187,450. As of December 31, 2016, the estimate to complete the Phase 2 improvements is \$-0- and the remaining District balance of the Phase 2 Letter of Credit is \$187,450. The warranty period expires on July 31, 2018.

On April 19, 2017, Sweetgrass Investors, LLC (subdivider), on behalf of the District, entered into a Canal Crossing Agreement with the Farmers Reservoir and Irrigation Company (FRICO). The District was required to post a Letter of Credit in the amount of \$100,000 for warranty work related to the District improvements. As of December 31, 2017, the estimate to complete the improvements is \$100,000 and the remaining balance of the Letter of Credit is \$100,000. The warranty period expires on April 6, 2018.

SWEETGRASS METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9 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) as of December 31, 2017. 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 during the past three years.

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

NOTE 10 TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

On November 5, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

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

REQUIRED SUPPLEMENTARY INFORMATION

SWEETGRASS METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 436 | \$ 436 | \$ - |
| Specific Ownership Taxes | 21 | 34 | 13 |
| Net Investment Income | - | 521 | 521 |
| Reimbursement Income | - | 2,022 | 2,022 |
| Intergovernmental - Sweetgrass | | | |
| Metropolitan Districts No. 2 and No. 3 | 1,225,000 | 2,353,799 | 1,128,799 |
| Total Revenues | <u>1,225,457</u> | <u>2,356,812</u> | <u>1,131,355</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Treasurer and Director Fees | 7 | 37 | (30) |
| Accounting | 35,000 | 33,217 | 1,783 |
| Audit | 10,500 | 10,525 | (25) |
| Insurance | 3,500 | 2,973 | 527 |
| Intergovernmental - Sweetgrass | | | |
| Metropolitan Districts No. 2 and No. 3 | 27,300 | 21,174 | 6,126 |
| Other | 5,000 | 736 | 4,264 |
| Legal | 17,000 | 9,486 | 7,514 |
| LC fees | 4,200 | 5,858 | (1,658) |
| Debt Service: | | | |
| Principal | 1,150,000 | 1,527,561 | (377,561) |
| Interest | 189,829 | 162,539 | 27,290 |
| Capital Outlay | 4,600,000 | 1,827,447 | 2,772,553 |
| Total Expenditures | <u>6,042,336</u> | <u>3,601,553</u> | <u>2,440,783</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (4,816,879) | (1,244,741) | 3,572,138 |
| OTHER FINANCING SOURCES | | | |
| Developer Advances | 3,225,914 | - | (3,225,914) |
| Total Other Financing Sources | <u>3,225,914</u> | <u>-</u> | <u>(3,225,914)</u> |
| NET CHANGE IN FUND BALANCE | (1,590,965) | (1,244,741) | 346,224 |
| Fund Balances - Beginning of Year | <u>1,666,947</u> | <u>1,743,931</u> | <u>76,984</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 75,982</u> | <u>\$ 499,190</u> | <u>\$ 423,208</u> |